

RESOURCES FOR HUMAN DEVELOPMENT, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2002 AND 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/23/03



**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
YEARS ENDED JUNE 30, 2002 AND 2001**

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**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Certified Public Accountants

Board of Directors and Officers
Resources for Human Development, Inc.

We have audited the accompanying consolidated statements of financial position of Resources for Human Development, Inc. and subsidiaries (the Organization) as of June 30, 2002 and 2001, and the related consolidated statements of unrestricted revenues, expenditures and other changes in unrestricted net assets, changes in net assets, functional expenditures and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Resources for Human Development, Inc. and subsidiaries as of June 30, 2002 and 2001, and the consolidated changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2003, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Shechtman, Marks, Devor & Etskovitz, P.C.

Philadelphia, PA
January 17, 2003

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2002 AND 2001

	<u>2002</u>			<u>Total 2001</u>
<u>ASSETS</u>	<u>Operating</u>	<u>Equipment</u>	<u>Total</u>	
Current assets:				
Cash and cash equivalents	\$ 3,189,967	\$ -	\$ 3,189,967	\$ 1,532,891
Limited use cash, representative payee cash funds	<u>297,068</u> 3,487,035	<u>-</u> -	<u>297,068</u> 3,487,035	<u>291,627</u> 1,824,518
Grants and services receivable, net of allowance for doubtful accounts of \$709,317 for 2002 and \$629,647 for 2001	12,851,939	200	12,852,139	13,830,001
Inventory	1,888,127	-	1,888,127	2,069,067
Prepaid expenses	<u>66,159</u>	<u>47,110</u>	<u>113,269</u>	<u>105,491</u>
Total current assets	<u>18,293,260</u>	<u>47,310</u>	<u>18,340,570</u>	<u>17,829,077</u>
Property and equipment, net	<u>-</u>	<u>10,564,224</u>	<u>10,564,224</u>	<u>10,695,043</u>
Other assets:				
Equity investments in companies, net	864,366	-	864,366	860,201
Advances and loans to investees, net of allowance for uncollectible advances and loans of \$1,101,093 for 2002 and \$1,171,700 for 2001	1,037,854	-	1,037,854	1,076,114
Other, including capitalized computer software costs, net with a balance of \$0 and \$338,166 at 2002 and 2001, respectively.	<u>433</u>	<u>13,231</u>	<u>13,664</u>	<u>352,435</u>
	<u>1,902,653</u>	<u>13,231</u>	<u>1,915,884</u>	<u>2,288,750</u>
Total assets	\$ <u>20,195,913</u>	\$ <u>10,624,765</u>	\$ <u>30,820,678</u>	\$ <u>30,812,870</u>

	2002			Total 2001
<u>LIABILITIES AND NET ASSETS</u>	<u>Operating</u>	<u>Equipment</u>	<u>Total</u>	
Current liabilities:				
Lines of credit and short term borrowings	\$ 1,254,664	\$ -	\$ 1,254,664	\$ 3,481,904
Current portion of long-term debt	5,000	327,851	332,851	327,105
Current portion of obligations under capital leases	-	316,740	316,740	316,848
Accounts payable and accrued expenses	9,731,479	3,144	9,734,623	9,185,643
Deferred revenue, current	2,204,436	12,786	2,217,222	1,968,347
Due to custodial clients	<u>297,068</u>	<u>-</u>	<u>297,068</u>	<u>291,627</u>
Total current liabilities	13,492,647	660,521	14,153,168	15,571,474
Long-term debt, net of current portion	50,000	4,757,725	4,807,725	4,765,966
Obligations under capital leases, net of current portion	-	606,522	606,522	733,946
Deferred revenue, long term	188,492	152,996	341,488	661,356
Deferred credits	<u>-</u>	<u>386,866</u>	<u>386,866</u>	<u>441,677</u>
Total liabilities	<u>13,731,139</u>	<u>6,564,630</u>	<u>20,295,769</u>	<u>22,174,419</u>
Minority interest	<u>133,121</u>	<u>-</u>	<u>133,121</u>	<u>300,000</u>
Net assets:				
Unrestricted	672,683	4,060,135	4,732,818	4,110,930
Temporarily restricted	<u>5,658,970</u>	<u>-</u>	<u>5,658,970</u>	<u>4,227,521</u>
Total net assets	<u>6,331,653</u>	<u>4,060,135</u>	<u>10,391,788</u>	<u>8,338,451</u>
Total liabilities and net assets	\$ <u>20,195,913</u>	\$ <u>10,624,765</u>	\$ <u>30,820,678</u>	\$ <u>30,812,870</u>

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF UNRESTRICTED REVENUES, EXPENDITURES
AND OTHER CHANGES IN UNRESTRICTED NET ASSETS
YEARS ENDED JUNE 30, 2002 AND 2001

	<u>2002</u>			<u>Total 2001</u>
	<u>Operating</u>	<u>Equipment</u>	<u>Total</u>	
Support and revenue:				
Support:				
Federal	\$ 2,575,237	\$ 205,790	\$ 2,781,027	\$ 2,260,286
Various states	17,458,097	279,399	17,737,496	17,922,031
City of Philadelphia	31,103,002	541,553	31,644,555	29,037,472
Montgomery County	8,996,152	223,644	9,219,796	8,137,382
Other counties	8,317,076	527,640	8,844,716	6,939,525
Medical assistance/managed care	10,547,105	6,666	10,553,771	10,526,944
Grants and donations	<u>955,735</u>	<u>18,975</u>	<u>974,710</u>	<u>1,143,842</u>
Total unrestricted support	<u>79,952,404</u>	<u>1,803,667</u>	<u>81,756,071</u>	<u>75,967,482</u>
Revenue:				
Patient/client fees	7,800,635	26,733	7,827,368	6,655,341
Other fees and sales	3,392,349	-	3,392,349	2,919,369
Interest and miscellaneous income	<u>468,276</u>	<u>54,811</u>	<u>523,087</u>	<u>274,595</u>
Total unrestricted revenue	<u>11,661,260</u>	<u>81,544</u>	<u>11,742,804</u>	<u>9,849,305</u>
Net assets released from temporary restrictions	<u>1,930,067</u>	<u>-</u>	<u>1,930,067</u>	<u>1,731,412</u>
Fund transfer	(<u>852,653</u>)	<u>852,653</u>	<u>-</u>	<u>-</u>
Total unrestricted support, revenue and other	<u>92,691,078</u>	<u>2,737,864</u>	<u>95,428,942</u>	<u>87,548,199</u>
Expenditures:				
Program	80,283,474	1,701,169	81,984,643	75,071,900
Management and general	11,996,563	671,657	12,668,220	11,874,223
Fundraising	<u>44,490</u>	<u>-</u>	<u>44,490</u>	<u>76,045</u>
Total unrestricted expenditures	<u>92,324,527</u>	<u>2,372,826</u>	<u>94,697,353</u>	<u>87,022,168</u>
Equity in net losses of investments	(<u>281,323</u>)	<u>-</u>	(<u>281,323</u>)	(<u>67,116</u>)
Change in unrestricted net assets before minority interest	85,228	365,038	450,266	458,915
Minority interest in net losses of investments	<u>4,432</u>	<u>-</u>	<u>4,432</u>	<u>-</u>
Change in unrestricted net assets	\$ <u>89,660</u>	\$ <u>365,038</u>	\$ <u>454,698</u>	\$ <u>458,915</u>

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF
CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2002 AND 2001

	<u>2002</u>			<u>Total 2001</u>
	<u>Operating</u>	<u>Equipment</u>	<u>Total</u>	
Unrestricted net assets:				
Total unrestricted support and revenue	\$ 91,613,664	\$ 1,885,211	\$ 93,498,875	\$ 85,816,787
Net assets released from restrictions	1,930,067		1,930,067	1,731,412
Fund transfer	(852,653)	852,653	-	-
Total unrestricted expenditures	(92,324,527)	(2,372,826)	(94,697,353)	(87,022,168)
Equity in net losses of investments	(281,323)	-	(281,323)	(67,116)
Minority interest in net losses of investments	<u>4,432</u>	<u>-</u>	<u>4,432</u>	<u>-</u>
	89,660	365,038	454,698	458,915
Allocation from minority interest	<u>167,190</u>	<u>-</u>	<u>167,190</u>	<u>-</u>
Changes in unrestricted net assets	<u>256,850</u>	<u>365,038</u>	<u>621,888</u>	<u>458,915</u>
Temporarily restricted net assets:				
Contributions	3,361,516	-	3,361,516	3,299,089
Net assets released from restrictions	(<u>1,930,067</u>)	<u>-</u>	(<u>1,930,067</u>)	(<u>1,731,412</u>)
Increase in temporarily restricted net assets	<u>1,431,449</u>	<u>-</u>	<u>1,431,449</u>	<u>1,567,677</u>
Change in total net assets	1,688,299	365,038	2,053,337	2,026,592
Total net assets at beginning of year	<u>4,643,354</u>	<u>3,695,097</u>	<u>8,338,451</u>	<u>6,011,859</u>
Total net assets at end of year	\$ <u>6,331,653</u>	\$ <u>4,060,135</u>	\$ <u>10,391,788</u>	\$ <u>8,338,451</u>

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2002

CENTERFOLD HEADING	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICATIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIP & MAINT	PROPERTY AND EQUIPMENT	TOTAL
LOWER MERION COUNSELING SERVICES										
MH Outpatient	127,949	24,502	127,782	70,423	11,404	3,492	2,269	3,342	-	371,164
D&A Outpatient	9,317	1,845	165	3,435	652	90	-	-	-	15,504
Student Assistance	13,577	2,674	280	3,277	945	187	20	-	-	20,960
LMCS Development	-	-	970	-	-	784	-	-	-	1,754
PROGRAMS IN COUNSELING										
MH TASC	41,539	7,865	26,437	1,681	573	740	383	279	-	79,496
D&A Outpatient	266,615	49,563	63,911	43,539	6,333	4,181	6,421	5,493	-	446,056
D&A TASC	60,577	11,527	350	11,712	570	2,228	498	619	-	88,082
Dually Diagnosed	7,403	1,377	-	4,439	-	625	-	423	-	14,267
D&A Case Management	120,334	21,855	90	34,205	3,147	4,120	2,774	2,056	-	188,581
Sexual Offenders	42,183	8,091	1,953	2,854	339	919	307	956	-	57,601
Upper Merion Schools	35,027	6,538	170	285	75	436	343	-	-	42,874
D&A Continuity	63,558	12,573	434	584	594	1,060	421	-	-	79,225
Pottstown	100,727	18,973	9,503	23,392	3,325	3,364	1,189	1,554	-	162,026
PIC III	81,016	16,061	36,634	23,607	5,113	5,941	1,952	508	10,000	180,831
PIC IPP	45,413	8,382	232	5,701	29	971	2,072	-	-	62,801
Montgomery Cnty MH R&R	27,005	2,075	4,487	-	-	-	-	-	-	33,567
Consultants in Context	46,678	10,025	55,610	1,136	1,144	2,985	6,704	-	-	124,282
Consultants in Context - Cnty	9,999	2,127	11,510	179	-	-	-	-	-	23,815
Alternatives/New Foundations/Wellspring	934,775	235,542	8,993	291,090	24,306	96,517	10,093	65,030	26,517	1,692,861
Compeer	73,206	15,721	4,559	6,333	11,930	6,113	2,574	-	-	120,436
New Options	530,237	149,476	743	98,380	10,252	69,714	1,506	48,086	47,886	956,278
Family Support	62,256	11,207	5,213	-	-	59,958	(87)	-	-	138,546
Residential Serv Systems/Respite CLA	988,873	251,662	221,314	295,996	13,865	76,783	22,467	110,721	51,577	2,033,257
Supported Housing	780,259	219,078	39,130	103,654	34,845	74,741	5,531	46,252	34,805	1,338,295
LM Vocational Training Center	429,192	143,888	5,809	70,287	14,211	23,025	7,832	50,907	26,985	772,136
Lower Merion Industries	11,627	2,179	-	-	-	-	-	-	-	13,806
Montgomery Co Methadone Center	384,978	72,363	213,211	83,024	10,248	50,868	2,356	7,955	6,489	831,492
Womanspace - Ardmore	197,403	53,105	8,241	31,203	7,665	28,259	3,046	7,504	19,385	355,811
Family House - Norristown	226,528	62,377	26,492	42,257	7,057	32,602	7,777	6,571	-	411,660
Womanspace - Phila	284,198	70,617	23,754	42,285	5,653	23,157	2,600	4,017	-	456,281
Family House - Now	472,998	114,374	30,293	57,544	4,617	28,883	3,549	29,679	1,860	743,797
New Directions - DHS/CBH	1,459,167	378,016	201,663	336,232	40,447	237,563	30,041	98,823	18,701	2,800,653
New Directions Academy	150,073	38,878	27,770	22,190	2,913	21,131	1,306	957	-	265,219
City of Phila. - OMH/MR	14,131,993	3,723,086	1,326,623	2,337,903	263,451	1,398,421	293,515	791,644	497,247	24,763,884

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2002

CENTERFOLD HEADING	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIP & MAINT	PROPERTY AND EQUIPMENT	TOTAL
Families in Transition Supported Adult - 1260	114,567 215,629	27,381 52,027	3,856 23,571	99,597 60,771	7,266 15,367	9,441 35,284	8,985 6,260	4,301 81,144	5,483 -	280,877 490,054
OTHER										
Career Devel Ctr-OESS	84,075	18,160	3,708	13,058	2,126	3,980	18,028	822	-	143,957
Career Devel Ctr-PWDC	63,297	14,779	5,722	19,488	2,684	4,269	472	2,227	-	112,938
R.A.R.E.	150,628	32,051	29,617	69,884	9,665	9,816	6,259	1,348	1,924	311,191
Youth Employment	94,752	22,558	1,153	67,379	8,781	9,811	9,292	6,059	3,066	222,851
Endow-CODAAP	37,080	10,012	6,000	6,460	1,028	750	1,500	-	-	62,830
Endow-a-home	141,214	29,501	14,101	162,912	6,072	17,279	10,431	41,266	15,272	438,048
New Start	646,013	169,328	60,243	128,801	9,502	93,815	5,888	16,172	3,995	1,133,757
AHAD	346,891	77,824	2,500	113,297	7,165	35,623	1,882	36,149	3,043	624,374
Stonebridge	71,142	16,828	10,623	23,943	3,311	12,224	3,132	4,984	(754)	145,434
UNITY FUNDED										
In Roads	30,208	6,911	-	24,857	1,076	2,440	8,257	200	-	73,949
New Options for Women	343,137	73,064	38,285	51,754	8,292	49,458	5,647	4,292	1,375	575,306
Project Renewal	115,746	24,680	14,433	8,191	3,640	4,371	1,318	-	-	172,379
Voyage House	287,162	62,477	13,119	3,852	3,803	13,427	3,730	6,429	-	393,999
Shelter Plus Care	-	-	-	-	-	-	-	-	-	-
Pathways	254,081	56,241	32,019	57,736	8,113	29,426	8,814	9,156	20,542	476,128
Jefferson Parish Outreach	58,698	14,477	-	1,200	1,963	1,337	3,309	4,748	327	86,058
Family House - Louisiana	398,985	87,901	42,201	91,194	11,122	54,199	9,844	17,612	24,834	737,892
MCS/ACT	380,193	69,574	101,761	17,954	24,235	11,754	28,822	3,516	4,659	642,469
Hope House	285,202	74,174	50,185	16,822	9,950	21,107	2,985	9,215	46,152	515,792
New Perspectives-Residential	250,091	62,435	22,427	19,445	5,967	20,998	2,411	12,556	5,795	402,125
New Perspectives-Phone	176,416	39,365	10,855	14,969	8,095	3,896	916	2,502	1,232	258,247
New Perspectives-Mobile	59,263	9,524	2,737	4,468	2,751	998	576	5,540	996	86,853
Lehigh Valley ACT	679,134	151,667	98,986	57,443	24,484	7,315	47,702	14,915	2,826	1,084,471
Hope Springs Lehigh	211,188	56,180	15,113	15,802	8,162	13,621	3,910	6,837	110,568	441,182
Hope Spring Northampton	232,338	62,999	13,331	262,732	9,190	17,809	4,603	6,906	102,068	711,976
CMP Consumer Satisfaction Team	18,260	3,031	1,443	236	417	719	1,868	726	846	27,545
CMP Oars	52,994	9,869	2,093	4,146	2,441	6,248	680	3,992	36,764	119,227
CMP Community Connections	-	-	-	-	52	100	57	825	33,057	34,091
ACT Flex. Fund-Northampton County	-	-	8,799	137,869	19	17,192	2,626	1,537	-	168,043
ACT Flex. Fund-Lehigh County	-	-	18,089	74,123	-	16,240	3,579	1,079	-	113,110
On Our Own	814,027	217,141	8,258	71,922	15,013	53,595	6,826	28,504	61,924	1,277,209
Somerset	291,636	82,983	3,168	31,095	7,025	17,319	5,211	9,794	7,169	455,402
Oak Hollow	145,692	37,071	5,884	14,817	3,658	5,543	1,718	5,685	10,139	230,206
Milton Street	225,806	60,989	11,364	30,949	5,813	14,529	3,511	5,950	7,078	365,988
Ackermanville Road	250,572	65,036	7,516	27,462	9,157	17,029	4,351	14,831	40,176	436,130
Crossroads	112,421	27,430	3,179	158,244	8,901	12,276	3,666	13,323	8,016	347,455

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2002

CENTERFOLD HEADING	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIP & MAINT	PROPERTY AND EQUIPMENT	TOTAL
Axis Programs-Massachusetts	2,766,280	613,547	44,401	656,370	72,009	186,651	19,594	128,429	76,893	4,564,175
Challenges New Jersey	788,121	165,410	47,630	97,729	51,648	74,422	12,457	92,381	12,733	1,342,530
Connecticut Day Program	129,756	26,696	1,438	4,120	3,977	2,074	2,481	13,145	6,842	190,528
Connecticut Residential	1,404,392	288,866	79,579	245,921	38,180	96,072	27,860	113,710	30,515	2,325,097
Florida Residential Tallahassee	472,190	93,156	1,119	17,387	12,857	30,980	20,405	4,746	8,211	661,050
Florida Day Program	194,698	44,042	1,295	35,297	6,583	15,189	13,668	19,975	10,496	341,244
Orlando Florida	562,946	131,248	39,626	82,984	13,984	50,582	7,028	28,706	17,700	934,804
Tampa Florida	345,618	74,474	15,895	59,458	17,284	51,789	6,246	18,928	9,487	599,181
Largo Florida	386,624	81,749	7,335	48,489	5,272	35,412	9,258	10,118	11,741	595,997
Jacksonville Florida	724,479	162,733	152	99,297	11,524	94,189	6,664	64,809	22,976	1,186,824
Florida Ft Lauderdale	8,712	2,496	208	64	1,022	13	76	-	-	12,590
Allegheny Cnty MR - Pittsburgh	845,263	241,939	8,443	108,785	18,924	56,309	7,621	60,919	18,232	1,366,435
Wilmington	24,012	2,477	4,180	7,929	9,538	10,669	921	23,340	12,919	95,984
Chester Youthbuild	12,094	2,227	215	3,450	25	2,293	287	324	17,434	38,349
Chester Youthbuild-CDBG	27,511	5,730	-	-	-	-	-	-	-	33,241
Chester Youthbuild-CUSD	246,269	53,678	7,657	46,327	6,229	26,322	4,570	1,275	-	392,327
Chester ETA	54,661	12,226	36,812	5,820	1,948	9,126	184	-	-	120,776
COSP	2,953,611	475,820	67,700	113,391	36,146	11,450	9,390	17,608	-	3,685,116
CIRT	335,366	78,421	2,851	17,187	12,501	4,435	5,540	568	810	457,679
Ridge Avenue Shelter	1,012,338	283,253	26,344	58,327	21,898	96,865	4,991	31,922	6,500	1,542,437
Phoenix Case Management	347,178	95,868	4,697	7,217	5,564	11,242	11,583	10,143	8,119	501,610
Abbottsford/Schuylkill Falls	843,396	174,289	196,701	105,487	56,636	118,801	32,414	49,797	193,193	1,770,713
RNCC	69,193	11,567	112,718	-	2,377	18,997	8,388	43	4,581	227,864
AFFORDABLE HOUSING	-	-	-	-	-	-	-	-	-	-
Hope 3	-	-	-	-	-	-	-	1,585	-	1,585
RDA Projects HRP	-	-	12,674	51,218	362	84	65,593	721,957	194,845	1,046,733
RDA Projects Other	-	-	-	664	167	-	3,070	810	-	4,712
NJ UHGRP / CDBG Projects	-	-	10,469	21,939	47	-	19,264	231,466	17,056	300,242
Atlantic City NJ CRDA	-	-	-	62	-	-	-	900	-	962
13th Street Project	-	-	3,500	847	225	-	645	-	-	5,217
Musgrave Project	-	-	-	4,276	9	-	108	16,079	-	20,472
Safe Community Pew Grant	31,748	4,978	3,600	-	436	2,873	952	-	-	44,586
Houston Foundation Grant	-	-	-	-	-	-	-	-	-	-
Mantua Art Center	70,908	18,688	4,595	17,938	1,685	8,493	266	511	-	123,085
Parents Resource Network	42,153	8,146	1,998	-	20,584	10,139	4,934	-	-	87,954
Parents Exchange	-	-	21,885	-	664	169	9,110	-	2,158	33,986
Faith Initiative	-	-	-	-	-	-	-	-	-	-
Safeguard	149,611	34,002	9,123	22,462	9,268	20,179	1,113	199	3,213	249,169

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2002

CENTERFOLD HEADING	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICA-TIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIP & MAINT	PROPERTY AND EQUIPMENT	TOTAL
Safeguard	-	-	-	-	-	-	-	-	-	-
Point-to-Point	500,465	108,772	1,981	77,939	25,396	4,200	130,406	89,651	26,733	965,542
FQHC Linkage	189	16	6,723	-	-	-	-	-	-	6,928
Women of Vision	-	-	1,329	-	139	146	(1,336)	-	-	278
Community Connections	70,308	15,393	28	6,015	-	156,570	2,574	-	-	250,887
Future Searchnet	22,275	2,366	192,205	-	52,170	33,227	37,201	812	-	340,255
New Beginnings Programs	117,829	25,574	204,465	3,353	76,363	136,060	24,727	4,118	3,703	596,191
Miscellaneous Other Programs	729,349	151,729	311,319	16,015	39,515	111,700	(115,938)	123,266	31,754	1,398,708
GRAND TOTALS	48,144,759	11,064,863	4,663,547	8,057,263	1,375,168	4,392,817	1,052,841	3,550,756	2,048,870	82,350,884
Property and equipment capitalized									(1,830,400)	(1,830,400)
Change in inventory costs capitalized									243,761	243,761
Depreciation and amortization expense									1,504,578	1,504,578
Long term debt principal payments made				(9,762)						(9,762)
Cost of fixed assets sold									187,156	187,156
Net change in deposits									19,865	19,865
Self Insurance Admin	(441,699)	(66,001)								(507,700)
Additional expense for capital to people										54,406
Reclass fundraising expense	(23,070)	(5,076)								(28,146)
Total Program	45,679,990	10,993,786	4,663,547	8,047,501	1,375,168	4,392,817	1,107,247	3,550,756	2,173,830	81,984,642
Management and General	6,248,481	1,277,500	618,315	934,640	413,411	198,770	1,380,818	370,153	793,588	12,235,676
Depreciation and amortization expense									607,383	607,383
Property and equipment capitalized									(890,832)	(890,832)
Net Long term debt proceeds and princ				52,521						52,521
Cost of fixed assets sold									64,274	64,274
Net Capitalization of Invest & Advances									(516,353)	(516,353)
Murex Corp & Murex Investment						963		2,414		838,849
Other costs capitalized	25,474	3,695	381,830	48,624	4,004				(26,614)	(26,614)
Abandonment of capital computer software									338,166	338,166
Eliminate Self Insurance and ArtReach	(15,169)	(3,337)								(18,506)
Reclass fundraising expense	(13,397)	(2,947)								(16,344)
Total Management and General	6,245,389	1,274,911	1,000,145	1,035,785	417,415	199,733	1,236,310	372,567	885,965	12,668,220
Fundraising	36,467	8,023	-	-	-	-	-	-	-	44,490

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2001

CENTERFOLD HEADING	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICATIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIP & MAINT	PROPERTY AND EQUIPMENT	TOTAL
LOWER MERION COUNSELING SERVICES										
MH Outpatient	135,981	26,181	97,753	66,856	10,601	4,448	3,093	2,665	-	347,578
D&A Outpatient	10,318	2,066	-	3,464	624	150	68	40	-	16,730
Student Assistance	13,024	2,531	-	4,485	1,201	300	120	125	-	21,786
PROGRAMS IN COUNSELING										
MH TASC	31,209	5,849	28,373	4,076	2,486	546	618	360	-	73,517
D&A Outpatient	242,668	47,032	61,195	39,444	8,460	3,256	6,399	7,396	2,492	418,342
D&A TASC	78,834	14,466	1,512	12,320	3,171	2,134	1,220	1,320	-	114,977
Dually Diagnosed	49,334	8,730	14,835	11,333	677	648	139	754	-	86,450
D&A Case Management	116,480	22,626	1,330	25,336	7,278	3,529	1,593	2,026	-	180,198
Sexual Offenders	21,453	4,351	100	2,015	516	291	30	180	-	28,936
Upper Merion Schools	55,177	10,720	359	419	63	208	208	-	-	67,154
D&A Continuity	67,332	14,008	503	462	500	821	272	-	-	83,898
Pottstown	68,426	12,624	8,482	20,685	5,953	3,069	550	1,358	-	121,147
PIC III	10,428	2,096	-	-	39	700	52	6,633	5,135	25,083
PIC IPP	54,614	9,959	-	4,887	1,489	1,067	1,956	-	-	73,972
Consultants in Context										
Alternatives/New Foundations/Wellspring	55,839	13,043	47,390	642	3,212	2,812	7,032	-	2,415	132,385
Compeer	887,652	219,459	58,880	252,874	23,440	112,029	13,889	85,057	30,784	1,684,064
New Options	60,771	13,206	6,131	3,445	9,212	5,599	2,464	827	-	101,655
	523,264	137,139	1,850	97,833	10,518	53,860	1,382	60,231	53,128	939,205
Family Support										
Residential Serv Systems/Respite CLA	80,923	14,573	4,620	-	-	42,910	248	-	-	143,274
Supported Housing	972,738	273,834	106,987	270,393	16,862	81,108	16,870	94,755	66,810	1,900,357
LM Vocational Training Center	56,726	14,984	1,532	7,083	9,482	36,406	1,777	92,164	389,168	609,322
Lower Merion Industries	406,080	137,301	6,870	63,652	12,385	20,584	4,256	30,937	24,296	706,361
	10,817	2,276	-	-	57	96	-	-	-	13,246
Montgomery Co Methadone Center										
Womanspace - Ardmore	330,676	63,383	138,473	80,981	12,471	32,678	3,145	13,435	-	675,242
Family House - Norristown	165,294	45,178	12,707	34,479	8,151	31,215	2,892	4,686	16,324	320,926
	195,856	52,712	29,711	45,177	7,001	44,433	4,736	14,120	14,903	408,649
Womanspace - Phila										
	271,331	72,427	35,897	44,245	4,438	27,525	4,286	7,425	7,482	475,056
Family House - Now										
	384,768	99,818	49,941	57,466	8,686	36,542	2,735	46,882	106,303	793,141
City of Phila. - DHS										
New Directions Academy	1,551,415	416,385	83,886	326,103	39,286	264,984	40,529	30,765	28,072	2,781,425
	117,299	30,476	14,591	27,487	5,335	23,652	727	644	-	220,211
City of Phila. - OMH/MR										
	12,829,146	3,539,659	1,043,838	2,043,708	237,828	1,156,296	248,530	431,228	480,319	22,010,552
Supported Adult - 1260										
	185,338	49,756	40	38,951	16,745	29,650	7,195	5,842	16,187	349,704

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES

YEAR ENDED JUNE 30, 2001

CENTERFOLD HEADING	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICATIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIP & MAINT	PROPERTY AND EQUIPMENT	TOTAL
OTHER										
DOL/OIP	238,777	51,369	4,467	66,424	18,996	19,209	136,798	14,698	-	550,738
Employ for Disadv Adults	76,154	18,190	7,620	15,989	163	29,617	728	512	-	148,973
PRWO	24,661	5,772	30,011	1,500	600	1,200	-	-	-	63,744
Career Devel Ctr	170,014	33,829	11,777	15,726	4,667	12,758	17,890	303	106	267,070
Career Devel Ctr-PWDC	31,132	7,057	4,606	3,005	599	931	42	-	-	47,372
Rapid Attachment	199,735	44,442	37,479	67,432	12,729	18,386	24,151	5,652	3,202	413,208
Endow-CODAAP	37,080	9,840	6,000	6,460	1,200	750	1,531	-	-	62,861
Endow-a-home	123,072	26,506	5,053	175,023	5,886	22,996	9,592	103,821	41,169	513,118
New Start	702,013	193,765	36,266	125,431	7,726	83,686	5,672	18,948	-	1,173,507
AHAD										
	352,529	82,519	2,318	104,876	6,855	37,328	1,473	18,761	1,178	607,837
Stonebridge										
	202,485	53,281	17,855	45,111	7,793	31,899	2,263	9,283	3,340	373,310
UNITY FUNDED										
In Roads	41,686	8,717	-	32,146	1,874	5,868	4,240	-	-	94,531
New Options for Women	354,657	72,000	32,660	60,300	6,255	33,350	9,599	10,431	7,327	586,579
Project Renewal	124,450	24,802	1,888	16,320	6,138	10,912	6,712	-	-	191,222
Voyage House	280,388	54,074	25,258	3,324	4,629	14,717	6,276	4,784	-	393,450
Shelter Plus Care	-	-	-	27,945	-	-	-	-	-	27,945
Pathways	236,132	45,134	35,076	55,913	7,680	36,481	1,440	13,229	12,932	444,017
Jefferson Parish Outreach	54,017	9,546	-	460	2,798	1,565	5,179	1,206	-	74,771
Family House - Louisiana										
MCS/ACT	250,689	51,636	3,478	48,545	7,138	29,982	5,242	4,794	-	401,504
	316,347	53,271	124,896	13,310	17,063	12,913	15,827	5,428	2,050	561,105
Hope House										
New Perspectives-Residential	306,534	83,422	44,876	16,466	7,143	21,277	1,444	16,036	152,426	649,624
New Perspectives-Phone	270,257	65,431	23,226	21,918	5,779	21,538	1,450	4,322	-	413,921
New Perspectives-Mobile	146,985	34,714	9,613	15,931	7,488	2,112	612	1,960	-	219,415
Lehigh Valley ACT - Northampton Cnty	61,042	9,941	2,035	4,467	2,751	362	420	6,102	-	87,120
Lehigh Valley ACT - Lehigh Cnty	345,805	76,181	20,745	28,553	10,383	6,226	24,844	7,333	6,444	526,514
Hope Springs Lehigh	375,969	82,826	22,555	31,029	11,282	6,764	27,009	7,972	7,006	572,412
Hope Spring Northampton	21,997	5,305	3,837	174,810	2,112	5,151	2,057	15,844	67,634	298,747
CMP Consumer Satisfaction Team	14,163	3,220	1,537	-	2,112	5,065	1,943	15,663	55,792	99,495
ACT Flex. Fund-Northampton County	14,144	2,144	142	125	308	323	2,129	18	-	19,333
ACT Flex. Fund-Lehigh County	-	-	42,079	98,719	242	21,489	1,507	10	-	164,046
On Our Own	-	-	36,544	80,760	10	16,727	2,293	1,345	-	137,679
Somerset	671,705	198,279	8,032	73,336	13,355	54,200	7,400	31,767	14,132	1,072,206
Oak Hollow	276,756	80,186	3,327	34,295	5,797	22,428	3,049	8,790	5,604	440,232
Milton Street	131,558	35,085	3,687	10,930	2,535	6,586	922	3,744	4,407	199,454
Ackermanville Road	177,726	52,579	5,676	30,394	4,337	13,563	2,786	8,144	7,779	302,984
Crossroads	83,714	20,261	5,983	17,123	2,011	8,230	3,040	22,169	9,286	171,817
	54,753	14,192	2,982	35,323	6,661	7,424	1,539	8,859	8,567	140,300

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2001

CENTERFOLD HEADING	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICATIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIP & MAINT	PROPERTY AND EQUIPMENT	TOTAL
Axis Programs-Massachusetts	2,441,778	570,344	35,782	527,095	67,322	237,096	24,810	118,279	63,184	4,085,690
Challenges New Jersey	769,977	160,910	62,038	115,958	43,660	52,661	7,416	70,650	51,384	1,334,654
Connecticut Day Program	119,269	22,962	1,431	5,027	2,814	2,180	1,523	4,580	3,963	163,750
Connecticut Residential	1,366,602	260,112	168,788	258,284	35,871	93,439	13,803	141,314	19,915	2,358,127
Florida Residential Tallahassee	384,589	66,856	-	17,704	10,836	14,883	15,906	45	-	510,819
Florida Day Program	178,947	37,718	1,253	35,765	6,314	13,019	10,429	11,687	14,431	309,563
Orlando Florida	622,628	137,346	37,382	87,370	13,874	57,351	10,311	32,838	14,709	1,013,809
Tampa Florida	298,285	56,132	14,224	47,319	17,001	38,088	4,288	17,743	7,306	500,386
Largo Florida	373,418	75,103	11,170	44,350	9,612	39,286	9,924	14,742	12,969	590,574
Jacksonville Florida	306,595	65,057	528	57,216	11,455	60,775	1,580	25,205	15,447	543,858
Allegheny Cnty MR - Pittsburgh	343,874	103,629	11,355	47,840	8,752	30,262	15,419	41,113	25,462	627,706
Chester Youthbuild	3,523	505	1,131	96	-	8,323	122	2,127	5,423	21,250
Chester Youthbuild-CDBG	37,500	7,409	-	-	-	-	-	-	-	44,909
Chester Youthbuild-CUSD	253,756	53,058	21,719	49,078	9,170	30,319	2,961	(2)	-	420,059
Chester ETA	7,227	1,838	3,725	-	-	-	20	-	-	12,810
COSP	3,233,839	494,507	32,644	109,044	41,596	14,041	15,710	18,016	-	3,959,397
CIRT	356,364	85,453	2,655	16,561	10,536	4,289	5,135	2,077	-	483,070
Ridge Avenue Shelter	978,813	285,599	20,290	46,441	18,729	96,611	4,017	45,702	5,128	1,501,330
Phoenix Case Management	258,541	79,293	31,781	2,538	7,681	7,962	4,389	1,811	2,469	396,465
Abbottsford/Schuylkill Falls	787,967	151,225	157,125	71,539	40,199	60,860	36,237	22,580	144,523	1,472,255
Schuylkill Falls Self Suff-HUD	87,918	19,044	30	1,917	2,232	14,116	749	3,237	3,571	132,814
RNCC	120,686	22,943	42,506	-	22,893	25,304	11,090	22	3,640	249,084
AFFORDABLE HOUSING	-	-	-	-	-	-	85	8,038	-	8,123
Hope 3	-	-	7,892	21,585	580	-	143,639	704,055	215,375	1,093,126
RDA Projects HRP	-	-	-	1,186	-	-	7,253	27,208	-	35,647
RDA Projects Other	-	-	18,220	30,785	250	-	42,273	191,765	21,885	305,178
NJ UHGRP / CDBG Projects	-	-	1,360	1,070,311	(181)	-	19,856	124,216	-	1,215,562
Atlantic City NJ CRDA	-	-	-	654	-	-	4,775	550	-	5,979
13th Street Project	-	-	1,258	4,276	-	-	12,694	6,870	-	25,098
Musgrave Project	-	-	-	-	-	-	-	-	-	-
LMCS CDBG Funds	-	-	-	-	189	-	-	30,000	-	30,189
Safe Community Pew Grant	17,085	3,304	-	-	-	-	20	-	-	20,409
DPW Grant	-	-	-	-	-	-	-	30,507	13,952	44,459
Mantua Art Center	77,935	22,759	9,937	19,956	1,615	7,653	14	57	-	139,926
Consultants in Context - Bucks Cnty	-	-	245	-	-	-	-	-	-	245
Parents Resource Network	42,104	7,978	1,759	-	21,542	922	1,775	-	-	76,080
Parents Exchange	-	-	22,920	-	545	-	14,317	-	-	37,782
Faith Initiative	-	-	2,000	-	-	-	-	-	-	2,000

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES

YEAR ENDED JUNE 30, 2001

CENTERFOLD HEADING	SALARIES	BENEFITS	FEES AND SERVICES	OCCUPANCY	COMMUNICATIONS	PROGRAM SUPPLIES	TRAVEL AND MISC	SMALL EQUIP & MAINT	PROPERTY AND EQUIPMENT	TOTAL
Safeguard (unit 2862)	15,365	3,857	-	1,757	468	937	-	-	1,218	23,602
Safeguard (unit 2863)	125,981	30,816	100	19,903	14,408	44,968	280	2,680	-	239,136
Point-to-Point	552,721	117,575	3,260	86,997	37,251	3,252	167,931	130,261	28,951	1,128,199
FQHC Linkage	7,229	801	861	-	-	47	-	-	-	8,938
Women of Vision	-	-	20,347	-	399	3,439	91,849	64	-	116,098
New Beginnings Programs	127,819	26,511	137,770	12,975	66,331	112,537	195,141	8,189	-	687,273
Miscellaneous Other Programs	700,758	147,494	415,226	12,753	97,645	122,357	(36,020)	97,663	49,690	1,607,566
GRAND TOTALS	41,809,430	10,106,502	3,782,082	7,974,000	1,294,851	3,844,536	1,579,831	3,249,672	2,378,794	76,019,698
Property and equipment capitalized									(2,360,991)	(2,360,991)
Change in inventory costs capitalized									441,302	441,302
Depreciation and amortization expense									1,343,165	1,343,165
Long term debt principal payments made				(10,030)						(10,030)
Cost of fixed assets sold									81,910	81,910
Net change in deposits	(321,082)	(62,216)							16,189	16,189
Self Insurance Admin	(69,132)	(6,913)								(383,298)
Reclass fundraising exp										(76,045)
Total Program	41,419,216	10,037,373	3,782,082	7,963,970	1,294,851	3,844,536	1,579,831	3,249,672	1,900,369	75,071,900
Management and General	5,326,374	1,126,298	662,924	56,804	331,006	193,785	2,310,661	409,040	981,683	11,398,575
Depreciation and amortization expense							56,229		544,398	600,627
Property and equipment capitalized									(741,681)	(741,681)
Net Long term debt proceeds and princ				826,047						826,047
Cost of fixed assets sold							(1,193,962)		23,458	23,458
Net Capitalization of Invest & Advances							1,059,550			(1,193,962)
Murex Corp & Murex Investment	46,703	4,977	108,904	14,516	2,956	447		625	29,541	1,268,219
Other costs capitalized				30,356						30,356
Research & Develop cost capital	(204,703)	(21,799)								(226,502)
Eliminate Self Insurance & Artreach Admin	(92,032)	(18,882)								(110,914)
Total Management and General	5,076,342	1,090,594	771,828	927,723	333,962	194,232	2,232,478	409,665	837,399	11,874,223
Fundraising	69,132	6,913	-	-	-	-	-	-	-	76,045

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2002 AND 2001

	2002			Total 2001
	Operating	Equipment	Total	
Cash flows from operating activities:				
Change in total net assets	\$ 1,688,299	\$ 365,038	\$ 2,053,337	\$ 2,026,592
Adjustments to reconcile change in total net assets to net cash provided by operating activities:				
Allocation from and other changes in minority interest	(171,622)	-	(171,622)	-
Loss on disposition of property and equipment	-	85,959	85,959	51,526
Loss on abandonment of capital computer software	338,166	-	338,166	-
(Decrease) increase in allowance for doubtful accounts and uncollectible advances and loans	(80,522)	-	(80,522)	816,347
Depreciation and amortization	352	2,111,609	2,111,961	1,943,792
Equity in loss of investments	281,323	-	281,323	67,116
Deferred credit forgiveness	-	(54,811)	(54,811)	(42,194)
(Increase) decrease in grants and services receivable	898,192	-	898,192	(778,857)
Decrease in inventory	180,940	-	180,940	441,302
(Increase) decrease in prepaid expenses	(27,642)	19,864	(7,778)	85,225
Decrease (increase) in other assets	-	253	253	(225,555)
Increase in accounts payable and accrued expenses	548,980	-	548,980	1,062,638
Increase (decrease) in deferred revenue	305,143	(12,786)	292,357	(509,960)
Net cash provided by operating activities	3,961,609	2,515,126	6,476,735	4,937,972
Cash flows from investing activities:				
Increase in investments in partnerships	(200,000)	-	(200,000)	(383,383)
Acquisitions of property and equipment	-	(2,114,494)	(2,114,494)	(1,391,178)
Net advances and loans to investees	(1,834)	-	(1,834)	(523,040)
Distributions from investments	114,798	-	114,798	6,357
Proceeds from sale of property and equipment	-	65,958	65,958	53,842
Capital contributions from minority interests	4,743	-	4,743	300,000
Net cash flows used in investing activities	(82,293)	(2,048,536)	(2,130,829)	(1,937,402)
Cash flows from financing activities:				
Net payments on lines of credit and short term borrowings	(2,222,240)	-	(2,222,240)	(715,949)
Principal payments on long-term debt and capital lease obligations	-	(466,590)	(466,590)	(895,932)
Net cash used in financing activities	(2,222,240)	(466,590)	(2,688,830)	(1,611,881)
Net increase in cash and cash equivalents	1,657,076	-	1,657,076	1,388,689
Cash and cash equivalents, beginning	1,532,891	-	1,532,891	144,202
Cash and cash equivalents, ending	\$ 3,189,967	\$ -	\$ 3,189,967	\$ 1,532,891
Supplemental disclosure of cash flow information, Cash paid for interest	\$ 196,077	\$ 320,030	\$ 516,107	\$ 759,594
Supplemental disclosure of noncash financing and investing activities, Debt, capital lease obligations, and deferred liabilities incurred for the acquisition of property and equipment	\$ -	\$ 381,563	\$ 381,563	\$ 1,926,333
Disposal of assets and related debt	\$ -	\$ 363,350	\$ 363,350	\$ -

See notes to financial statements.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2002 AND 2001

1. Summary of significant accounting policies

Nature of activities

Resources for Human Development, Inc. (the Organization) is a not-for-profit organization which operates programs nationwide, but primarily throughout the northeastern United States. These programs include mental health, mental retardation, homeless, drug and alcohol, community living arrangements, affordable housing and probation and parole services. In addition, through its for-profit subsidiaries, the Organization operates programs designed to lend and invest capital in businesses which are located in and employ people from economically challenged areas.

Basis of presentation

The accompanying consolidated financial statements include the accounts of the Organization and its for-profit subsidiaries, Murex Corporation (Murex) 100% owned by the Organization, and Murex Investments, Inc. (Murex Investments) 92% owned by the Organization. The consolidated financial statements have been prepared in accordance with the audit guide published by the American Institute of Certified Public Accountants, Audit and Accounting Guide for Not-for-Profit Organizations, as required for Voluntary Health and Welfare Organizations. Intercompany investments, advances and transactions have been eliminated.

Accounting principles generally accepted in the United States require not-for-profit organizations to distinguish between contributions received that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets.

Donated services, mostly consulting services for various programs, are required to be reported at their fair market value in the year that the services are contributed or promised to be contributed. The Organization records in-kind income and expenses for reporting to its funding sources in accordance with the associated contract requirements. These reporting requirements differ from generally accepted accounting principles. Accordingly, only a portion of the amounts reported to funding sources have been recorded as donated services in the accompanying consolidated financial statements.

Contracts and grants

Income from government contracts and grants, including overhead allowance, is generally recorded as the related expenses are incurred. The Organization has significant contracts and grants with various agencies of the federal and state governments, departments of the City of Philadelphia, and various counties in southeastern and eastern Pennsylvania.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2002 AND 2001

1. Summary of significant accounting policies (continued)

Concentrations of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and receivables from governmental and other agencies. The receivables from governmental agencies are primarily obligations of the federal and state governments, the City of Philadelphia and various counties in Pennsylvania. In addition, there are accounts receivable from third party managed care organizations that reimburse the Organization on behalf of governmental agencies, principally the City of Philadelphia.

Limited use cash

Representative payee cash funds are custodial funds that have been established to account for assets received by the Organization on behalf of certain clients of certain programs. These funds are held for the sole benefit of each individual and are expended at the discretion of the program directors.

Property and equipment and depreciation and amortization

Property and equipment are recorded at cost. Provisions for depreciation and amortization are made over the estimated useful lives, ranging from 3 to 25 years, of the respective assets using the straight-line method. Maintenance and repairs are charged to activities as incurred. A substantial portion of capital assets has been purchased through grants and contracts. Such amounts received are included in support and revenue. Related expenditures are capitalized and depreciated over estimated lives when title to the related assets is held by the Organization.

Under certain program-funded agreements, ownership of property and equipment acquired with grantor funds is vested with and may revert back to the grantor under certain circumstances. However, due to the nature of the programs and the long term relationships of the Organization with the grantors, management feels that the financial statements of the Organization are more complete by capitalizing these assets. The source of funds to acquire these assets and the related depreciation, interest and debt are reported in the financial statements under the column heading "Equipment".

Investments

Investments in partnerships, limited liability companies and unconsolidated corporations are included in the accompanying consolidated financial statements using the equity method of accounting.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2002 AND 2001

1. Summary of significant accounting policies (continued)

Cash and cash equivalents

For purposes of the consolidated statement of cash flows, the Organization considers cash on hand, deposits with banks and short-term investments with original maturities of three months or less to be cash and cash equivalents.

Inventory

Inventory is recorded at the lower of cost, on a specific identification basis, or market (net realizable value) and consists of residential properties purchased for resale and related construction-in-progress. Through various programs, the Organization purchases, renovates and sells homes, primarily to eligible low-income families.

Capitalized computer software costs

Accounting principles generally accepted in the United States of America require the capitalization of certain costs incurred in connection with developing internal use software and software for resale. Prior to the adoption of this principle in 2000, the Organization expensed all costs related to software development as incurred. The Organization had capitalized approximately \$394,000 of computer software costs and amortized approximately \$56,000 at June 30, 2001. During the year ended June 30, 2002, management decided to terminate its program of developing software for resale. Instead, management decided to develop software for its internal use only. Therefore, the Organization wrote off all capitalized software related to development for resale and capitalized the \$100,000 for the cost of the software developed for internal use.

Pension plan

The Organization maintains a noncontributory, variable annuity "403(b)" plan for the benefit of substantially all full-time eligible employees. Each employee is fully vested immediately upon entry into the plan. Employee participation is voluntary and contributions by the employees are pursuant to salary reduction. The Organization does not match employee contributions.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2002 AND 2001

1. Summary of significant accounting policies (continued)

Deferred compensation plan

During the year ended June 30, 2001, the Organization implemented a non-qualified deferred compensation plan in accordance with Internal Revenue Service Code Section 457. In order to receive a payment under this plan, an employee must have both worked full-time for the Organization for 25 years and have attained the age of 65. The benefit amount is equal to the annual salary of the employee in the year they reach 25 years of service. It will be paid to the employee in four annual installments beginning in the year the employee attains both criteria. At June 30, 2002, the estimated present value of the future benefit is \$93,388, and has been included in accrued expenses.

Tax status

The Organization is exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state and local laws, therefore, no provision for income taxes has been made in the accompanying consolidated financial statements. Murex, and Murex Investments, for-profit corporations, are subject to federal, state and local taxation.

Use of estimates

In preparing financial statements in conformity with generally accepted accounting principles in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Financial instruments

Generally accepted accounting principles require entities to disclose the estimated fair value of their financial instrument assets and liabilities. The Organization has identified the following as financial instruments, all of which have carrying values which approximate fair value: cash and cash equivalents, investments in and advances to partnerships and long-term debt.

Deferred revenue

Deferred revenue consists primarily of program revenues received but not earned. These revenues will be earned as the program conditions are met.

In addition, the Organization receives grants to subsidize the construction and rehabilitation of homes under the affordable housing programs. Revenue from these grants is deferred until the homes are sold. At the time of the sale of a home, a portion of the deferred revenue is recognized as revenue in the statement of activities.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2002 AND 2001

1. Summary of significant accounting policies (continued)

Minority interest

Minority interest in the Organization's subsidiary, Murex Investments, consists of an 8 percent non-voting common stock ownership by an outside agency. During the year ended June 30, 2001, the agency invested \$300,000 in Murex Investments. Accordingly, an increase in net assets of approximately \$167,000 was recognized as a result of this transaction. The Organization owns all of the voting equity of the subsidiary both before and after the transaction. In addition, there is a minority interest ownership in a subsidiary of Murex Corporation.

Reclassification

Certain 2001 amounts have been reclassified to conform to the 2002 financial statement presentation.

2. Property and equipment

The following is a summary of property and equipment (at cost) and accumulated depreciation and amortization:

	<u>2002</u>	<u>2001</u>
Real estate and improvements	\$ 10,595,999	\$ 10,614,496
Leasehold improvements	3,360,931	3,200,850
Furniture and fixtures	1,958,455	1,894,890
Computer equipment	2,314,366	2,327,105
Automobiles	<u>3,674,235</u>	<u>3,357,351</u>
	21,903,986	21,394,692
Less accumulated depreciation and amortization	<u>11,339,762</u>	<u>10,699,649</u>
Property and equipment, net	\$ <u>10,564,224</u>	\$ <u>10,695,043</u>

Depreciation and amortization expense for the year:

	<u>2002</u>	<u>2001</u>
Program	\$ 1,504,578	\$ 1,343,165
Management and general	<u>607,383</u>	<u>600,627</u>
	\$ <u>2,111,961</u>	\$ <u>1,943,792</u>

Equipment purchased through grants and contracts amounted to \$1,830,400 and \$2,150,351 for the years ended June 30, 2002 and 2001, respectively.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2002 AND 2001

3. Equity investments in companies

The Organization invested in the following companies through its for profit subsidiaries, Murex and Murex Investments:

<u>Company name</u>	<u>Percentage of ownership</u>
Phoenix Foods, LLC*	25.00%
Urban Works, LLC*	24.00
Laser Laboratories, LLC*	43.33
Sun & Earth, Inc.*	25.96
City Sort, LP*	11.07
CSS Laptop, Inc.	30.00
CSS Staffing, Inc.	30.00
Computer Systems and Solutions, Inc.	30.00
Other miscellaneous investments	.01-1.00

Aggregate cost and carrying values of the investments are as follows:

	<u>2002</u>	<u>2001</u>
Original investments	\$ 1,900,000	\$ 1,650,000
Accumulated allocated earnings (losses), net of dividends	(<u>363,754</u>) 1,536,246	(<u>18,208</u>) 1,631,792
Valuation allowances*	(<u>756,284</u>) 779,962	(<u>856,284</u>) 775,508
Other miscellaneous investments	<u>84,404</u>	<u>84,693</u>
Equity investments in companies, net	\$ <u>864,366</u>	\$ <u>860,201</u>

* Over the past several years, the Organization has received restricted grants and donations for the purpose of investing in companies through Murex Investment, to promote economic and job development in specified areas in Pennsylvania. These companies are typically considered risky based on their current financial position and inability to receive additional financing from their banks. The valuation allowances pertain to these investments.

The Organization has elected to record all investments using the equity method, even those which they own less than 20%. In most cases, the Organization does exercise significant influence and those that it doesn't, the equity method approximates the cost method.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2002 AND 2001

4. Advances and loans to investees and related party transactions

The Organization through its wholly owned subsidiaries, Murex and Murex Investments, has made loans and advances with certain partnerships and companies. In addition, the Organization, through its wholly-owned subsidiary, Murex Investments, has made loans to certain companies with which it has an equity interest. Murex Investments invests in certain companies located in distressed areas of Philadelphia, Pennsylvania. It requires all of its investments to adhere to certain principles, including a minimum level of hiring local people from welfare, a minimum wage in excess of the federal minimum wage, and the sharing of profits with the employees. The source of funds for investing and lending to these companies is a grant from the Shefa Fund. The investments in these companies are accounted for using the equity method of accounting. The nature of the significant loans are as follows:

	<u>2002</u>	<u>2001</u>
Various advances to affiliated entities with which the Organization has an ownership interest or control. These advances have no repayment terms.	\$ 1,286,822	\$ 1,392,765
Note receivable to a company in which Murex Investments owns a 25% interest. The note bears interest at 1.5% below prime rate and is payable on demand. As of June 30, 2002, this note was converted to an additional investment in the company.	-	50,000
Note receivable to a company which bears interest at a rate of 1% over prime rate, 5.75% at June 30, 2002. In 2001, \$600,000 was converted to a 43.33% equity interest. The remaining balance is due on March 5, 2003.	137,355	88,849
Note receivable to a company which bears interest at 1% over prime rate, 5.75% at June 30, 2002. This note is due on demand.	599,770	601,200

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2002 AND 2001

4. Advances and loans to investees and related party transactions (continued)

	<u>2002</u>	<u>2001</u>
Note receivable to three partnerships which Murex is a partner. The note bears interest at 1 % over prime rate, 5.75% at June 30, 2002, and is due on demand.	65,000	115,000
Note receivable to a company which Murex Investments owns a 25.96% interest. The note bears interest at 8% and is due June 20, 2003.	50,000	-
	<u>2,138,947</u>	<u>2,247,814</u>
Less allowance for uncollectible advances	(<u>1,101,093</u>)	(<u>1,171,700</u>)
	\$ <u>1,037,854</u>	\$ <u>1,076,114</u>

In addition, the Organization is the guarantor on outstanding loans of a partnership which Murex Corporation has an ownership interest. At June 30, 2002 and 2001 the outstanding loans were approximately \$0 and \$178,000, respectively.

5. Lines of credit and short term borrowings

The Organization has lines of credit and short term borrowings as follows:

	<u>2002</u>	<u>2001</u>
Line of credit of \$1,500,000 with a bank. Interest on borrowings under this agreement is based on the Federal funds rate plus 1 %. At June 30, 2002, the effective rate was 4.25%. It is collateralized by accounts receivable, inventory, furniture and fixtures and machinery. The line expires on January 31, 2003.	\$ 825,711	\$ 1,011,543
Line of credit of \$1,500,000 with the same bank as above. Interest on borrowings under this agreement is at the bank's prime rate which was 4.75% at June 30, 2002. It is collateralized by accounts receivable, inventory, furniture and fixtures and machinery. The line expires on January 31, 2003.	-	700,000

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2002 AND 2001

5. Lines of credit and short term borrowings (continued)

	<u>2002</u>	<u>2001</u>
Line of credit of \$8,000,000 with another bank. Interest under this agreement is at the bank's prime rate which was 4.75% at June 30, 2002. It is collateralized by accounts receivable. The line expires on January 31, 2003.	-	1,400,000
Notes payable, CLI, interest at 8.0% to 9.3%, collateralized by inventory; due at the end of the related project.	<u>428,953</u>	<u>370,361</u>
	\$ <u>1,254,664</u>	\$ <u>3,481,904</u>

In addition, the Organization is obligated under outstanding letters of credit of \$1,300,000 at both June 30, 2002 and 2001.

6. Long-term debt

	<u>2002</u>	<u>2001</u>
Mortgage notes, payable in monthly installments ranging from \$0 to \$4,313, most including interest ranging from 4.5% to 9.75%, collateralized by various properties, maturing at various times from July, 2002 through August, 2030.	\$ 4,986,822	\$ 4,931,092
Notes payable in monthly installments of \$1,824 including interest at 7.5%, uncollateralized, maturing July 2012.	<u>153,754</u> <u>5,140,576</u>	<u>161,979</u> <u>5,093,071</u>
Less current portion	<u>332,851</u>	<u>327,105</u>
Long-term portion	\$ <u>4,807,725</u>	\$ <u>4,765,966</u>

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2002 AND 2001

6. Long-term debt (continued)

Maturities of long-term debt over the next five years and thereafter are as follows:

<u>Year ending June 30,</u>	
2003	\$ 332,851
2004	150,184
2005	102,773
2006	103,776
2007	110,116
Thereafter	<u>4,340,876</u>
	\$ <u>5,140,576</u>

Interest expense for the years ended June 30, 2002 and 2001 was \$516,107 and \$759,594, respectively.

7. Deferred credits

The Organization has received grants/loans from various governmental agencies for acquiring and/or rehabilitating properties for specified purposes. If the conditions of each grant/loan agreement are met, these balances will be forgiven over periods ranging from 10 to 20 years. The grants/loans bear no interest except in the event of default. No interest has been accrued because it is the intention of the Organization to comply with all related conditions. The deferred credit balances are as follows:

	<u>2002</u>	<u>2001</u>
City of Philadelphia - Office of Housing and Community Development (originated June 1990 in the amount of \$150,000 to be forgiven at the rate of 5% per year through June 2010)	\$ 60,000	\$ 67,500
City of Philadelphia - Office of Housing and Community Development (originated June 1991 in the amount of \$150,000 to be forgiven at the rate of 10% per year after the initial 10-year period)	135,000	150,000
Federal Home Loan Bank (originated June 1993 in the amount of \$70,000 to be forgiven at the rate of 6.667% per year over a 15-year period ending June 2007)	26,130	30,797

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2002 AND 2001

7. Deferred credits (continued)

	<u>2002</u>	<u>2001</u>
Montgomery County Home Rehab Program (originated April 1995 in the amount of \$35,251 to be forgiven at the rate of 10% per year through April, 2005)	10,576	14,101
Montgomery County Home Program (originated June 1996 in the amount of \$68,333 to be forgiven in July, 2011)	68,333	68,333
Montgomery County Home Program (originated September 1988 in the amount of \$83,690 to be forgiven at the rate of 10% per year after the initial 10 year period)	47,452	55,821
City of Philadelphia Redevelopment Authority (originated November 1994 in the amount of \$157,500 to be forgiven at the rate of 10% per year through November 2004)	<u>39,375</u>	<u>55,125</u>
	\$ <u>386,866</u>	\$ <u>441,677</u>

During the year ending June 30, 2003, it is anticipated that \$ 54,811 of deferred credits will be forgiven.

8. Litigation

The Organization is currently defending itself in several ongoing lawsuits. All estimated costs relating to these actions have been included in accrued expenses or are covered under existing insurance policies.

9. Lease commitments

The Organization leases various buildings and equipment under leasing arrangements expiring through the year 2007. These leases are accounted for as operating leases. Generally, leases with terms beyond one year contain defunding clauses which allow the Organization to terminate a lease, generally within 90 days of the loss of government funding. Future minimum annual rentals under lease arrangements at June 30, 2002 are as follows:

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2002 AND 2001

9. Lease commitments (continued)

<u>Year ending June 30,</u>	
2003	\$ 4,031,884
2004	1,933,092
2005	1,505,970
2006	702,008
2007	185,081
Thereafter	<u>10,824</u>
Total	\$ <u>8,368,859</u>

The Organization also maintains numerous leases with terms of one year or less which are not included in the above schedule. Rent expense for the years ended June 30, 2002 and 2001 aggregated \$6,007,172 and \$5,007,992, respectively.

Capital lease obligations

The Company leases numerous automobiles under noncancellable capital leases. As a result, \$1,918,982 and \$1,874,878 of leased assets and \$939,092 and \$725,727 of related accumulated depreciation have been included in property and equipment as of June 30, 2002 and 2001, respectively. The leases have computed interest rates ranging between 6.0% and 15% per annum. Future minimum lease payments are as follows:

<u>Year ending June 30,</u>	
2003	\$ 386,608
2004	339,593
2005	231,947
2006	84,479
2007	<u>14,810</u>
Minimum lease payments	1,057,437
Less amount representing interest	<u>134,175</u>
Present value of minimum lease payments	923,262
Current portion	<u>316,740</u>
Long-term portion	\$ <u>606,522</u>

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2002 AND 2001

10. Self-insurance

By permission of the Pennsylvania Bureau of Workers' Compensation, the Organization maintains a self-insurance program for workers' compensation for its employees working in Pennsylvania. In addition, the Organization is also self-insured for automobile, general liability and property coverage for the years ended June 30, 2002 and 2001. Excess insurance policies are maintained with respect to the various self-insurance plans, and claims are handled by third-party administrators. Included in accounts payable and accrued expenses at June 30, 2002 and 2001 is \$1,726,408 and \$2,092,812, respectively, for future claims for all self-insurance coverage, which represents an estimate by management. The ultimate cost, however, will depend on the extent of future claims.

11. Concentrations of credit risk

Programs operated by the Organization are primarily funded by various governmental agencies. The ability of the Organization to maintain its overhead structure and meet future financial commitments is dependent on the continued funding of these programs.

The Organization maintains cash balances at financial institutions located in various states. Accounts at an institution may, at times, exceed the Federally insured limits of \$100,000. As of June 30, 2002, approximately \$2,732,000 exceeded insured limits.

12. Revenues - various states

A breakdown of funding from various states is as follows:

	<u>Years ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
Connecticut	\$ 2,511,256	\$ 2,485,928
Delaware	107,502	-
Florida	4,618,719	3,649,950
Louisiana	2,848,638	2,717,440
Massachusetts	4,698,422	4,273,161
New Jersey	1,497,805	3,485,261
Pennsylvania	<u>1,455,154</u>	<u>1,310,291</u>
Total	\$ <u>17,737,496</u>	\$ <u>17,922,031</u>

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2002 AND 2001

13. Headstart program:

During the year ended June 30, 1999, the Organization had made a decision not to renew their Headstart contracts in order to allow more focused concentration in other areas of community service. Additional funding was awarded to the Organization through June 30, 2001 for the operating costs necessary to complete the existing contracts which expired in August, 1999 and October, 1999 and to complete the transition of services to the new provider agencies. Below are the Headstart contract revenues and related expenses that were funded during the year ended June 30, 2001. This Headstart activity is not reflected in the statement of unrestricted revenues, expenses and other changes in unrestricted net assets for the year ended June 30, 2001, as it was considered to be a discontinued activity as of June 30, 1999.

	<u>2001</u>
Revenues	\$ 68,301
Program expenses	68,301

SUPPLEMENTAL INFORMATION



**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON
OTHER SUPPLEMENTAL INFORMATION**

Board of Directors and Officers
Resources for Human Development, Inc.

Our audits were performed for the purpose of forming an opinion on the basic consolidated financial statements of the Organization taken as a whole. The accompanying other supplemental information on pages 34 through 72 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

Shechtman, Marks, Devor & Etskovitz, P.C.

Philadelphia, PA
January 17, 2003

PROGRAM ACTIVITY	CITY OF PHILADELPHIA DEPARTMENT OF PUBLIC HEALTH OFFICE OF MENTAL HEALTH & MENTAL RETARDATION	AGENCY: RESOURCES FOR HUMAN DEVELOPMENT, INC.	PERIOD: 07/01/01 TO 6/30/02
INVOICE SUMMARY		APPROVED: FISCAL DIRECTOR: MS. MARY LOOMIS	
[] MH [X] MR		EXECUTIVE DIRECTOR: MR. ROBERT FISHMAN	DATE SUBMITTED: 11/26/02

PROGRAM ACTIVITY	CODE	CONTRACT NUMBER	ELIGIBLE PERSONNEL	EXPENDITURES OPERATING	ADMINISTRATION	TOTAL	REVENUE	NET TO BE FUNDED	INELIGIBLE COST (MEMO)
CLA-FAMILY LIVING	0200-1637	99-20289-03	13,500		2,025	15,525		15,525	0
EIP-HOME/FAMILY SRVS	0202-0942	99-20263-03	369,729	43,654	62,007	475,390	69,303	406,087	0
DEV TRN- WVR MNT-COM	0260-1143	99-20289-03	301,926	51,990	52,027	405,943	7,655	398,288	0
DEV TRN-THP WVR MT	0260-1150	99-20289-03		98,487	14,774	113,261		113,261	0
VOC-WVR MNT CIE-IND	0260-1200	99-20289-03	46,901	14,756	9,248	70,905		70,905	0
VOC-WVR MNT GENERAL	0260-1300	99-20289-03	4,832	32,259	5,564	42,655		42,655	0
CLA-WAIVER MNT	0260-1615	99-20289-03	6,355,107	1,606,480	1,122,848	9,084,435	277,835	8,806,600	0
CLA-WAIVER MNT SLA	0260-1617	99-20289-03	356,639	163,433	67,659	587,731	23,840	563,891	0
CLA-WAIVER MNT FAM LIV	0260-1637	99-20289-03	126,280	8,937	18,809	154,026	7,546	146,480	0
CLA- WVR MNT HOM	0260-1642	99-20289-03				0		0	0
CLA-WAIVER MNT STARTUP	0260-1696	99-20289-03	2,690	37,635		40,325		40,325	0
DEV TRNG-THPY W	0261-1150st.cfr02	99-20264-03				0		0	0
CLA-WAIVER EXP	0261-1615st.cfr02	99-20264-03	162,031	45,003	31,055	238,089	1,190	236,899	0
CLA-WVR EXP STA	0261-1696st.cfr02	99-20264-03				0		0	0
DEV TRNG-THPY WVR EX	0261-1150sc99	99-20264-03		1,143	171	1,314		1,314	0
VOC-WAIVER EXP	0261-1300sc99	99-20264-03				0		0	0
CLA-WAIVER EXP	0261-1615sc99	99-20264-03	293,592	65,422	53,852	412,866	4,882	407,984	0

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH/MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
CONTRACT NOS. 99-20289-03 AND 99-20264-03
YEAR ENDED JUNE 30, 2002**

Code nos. 0200-1637, 0202-0942, 0260-1300, 0260-1642, 0260-1696, 0261-1150st.ctr02, 0261-1615st.ctr02, 0261-1696st.ctr02, 0261-1150sc99, and 0261-1300sc99.

There were no adjustments to the above Program Activity Invoice Summary.

Code nos. 0260-1143, 0260-1150, 0260-1200, 0260-1615, 0260-1617, 0260-1637, and 0261-1615sc99.

There were adjustments made to the Program Activity Invoice Summary for the above code nos. which are explained on the following pages.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH / MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
YEAR ENDED JUNE 30, 2002

Contract Number 99-20289-03
Code 0260-1143

<u>Program Activity</u>	<u>Total per Invoice</u>	<u>Total per Audit</u>	<u>Adjustment/ Difference</u>
Personnel	\$ 302,920	\$ 301,926	\$ (994) (A)
Operating	51,790	51,990	200 (B)
Administration	52,143	52,027	(116) (C)
Retained Revenue Allowances	<u>-</u>	<u>-</u>	<u>-</u>
Total	406,853	405,943	(910)
Revenue	<u>7,655</u>	<u>7,655</u>	<u>-</u>
Net to be Funded (Refunded)	<u>\$ 399,198</u>	<u>\$ 398,288</u>	<u>\$ (910) (D)</u>

Explanation of Adjustment/Difference:

- (A) Portion of salary expense billed twice in original invoice.
- (B) Expenses not billed in original invoice.
- (C) Resultant effect due to previous adjustments.
- (D) Sum of resultant effects.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH / MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
YEAR ENDED JUNE 30, 2002

Contract Number 99-20289-03
Code 0260-1150

<u>Program Activity</u>	<u>Total per Invoice</u>	<u>Total per Audit</u>	<u>Adjustment/ Difference</u>
Personnel	-	-	-
Operating	\$ 95,705	\$ 98,487	\$ 2,782 (A)
Administration	14,356	14,774	418 (B)
Retained Revenue Allowances	-	-	-
Total	110,061	113,261	3,200
Revenue	-	-	-
Net to be Funded (Refunded)	<u>\$ 110,061</u>	<u>\$ 113,261</u>	<u>\$ 3,200 (C)</u>

Explanation of Adjustment/Difference:

(A) Expenses not billed in original invoice.

(B) Resultant effect due to previous adjustments.

(C) Sum of resultant effects.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH / MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
YEAR ENDED JUNE 30, 2002

Contract Number 99-20289-03
Code 0260-1200

<u>Program Activity</u>	<u>Total per Invoice</u>	<u>Total per Audit</u>	<u>Adjustment/ Difference</u>
Personnel	\$ 47,593	\$ 46,901	\$ (692) (A)
Operating	14,756	14,756	-
Administration	9,352	9,248	(104) (B)
Retained Revenue Allowances	<u>-</u>	<u>-</u>	<u>-</u>
Total	71,701	70,905	(796)
Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Net to be Funded (Refunded)	<u>\$ 71,701</u>	<u>\$ 70,905</u>	<u>\$ (796) (C)</u>

Explanation of Adjustment/Difference:

(A) Portion of salary expense billed twice in original invoice.

(B) Resultant effect due to previous adjustments.

(C) Sum of resultant effects.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH / MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
YEAR ENDED JUNE 30, 2002

Contract Number 99-20289-03
Code 0260-1615

<u>Program Activity</u>	<u>Total per Invoice</u>	<u>Total per Audit</u>	<u>Adjustment/ Difference</u>
Personnel	\$ 6,414,279	\$ 6,355,107	\$ (59,172) (A)
Operating	1,608,650	1,606,480	(2,170) (B)
Administration	1,136,321	1,122,848	(13,473) (C)
Retained Revenue Allowances	<u>-</u>	<u>-</u>	<u>-</u>
Total	9,159,250	9,084,435	(74,815)
Revenue	<u>276,521</u>	<u>277,835</u>	<u>1,314 (D)</u>
Net to be Funded (Refunded)	<u>\$ 8,882,729</u>	<u>\$ 8,806,600</u>	<u>\$ (76,129) (E)</u>

Explanation of Adjustment/Difference:

- (A) Portion of salary expense billed twice in original invoice.
- (B) Credits received after submission of original invoice.
- (C) Resultant effect due to previous adjustments.
- (D) Revenue not included in original invoice.
- (E) Sum of resultant effects.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH / MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
YEAR ENDED JUNE 30, 2002

Contract Number 99-20289-03
Code 0260-1617

<u>Program Activity</u>	<u>Total per Invoice</u>	<u>Total per Audit</u>	<u>Adjustment/ Difference</u>
Personnel	\$ 356,606	\$ 356,639	\$ 33 (A)
Operating	160,983	163,433	2,450 (A)
Administration	67,287	67,659	372 (B)
Retained Revenue Allowances	<u>-</u>	<u>-</u>	<u>-</u>
Total	584,876	587,731	2,855
Revenue	<u>23,840</u>	<u>23,840</u>	<u>-</u>
Net to be Funded (Refunded)	<u>\$ 561,036</u>	<u>\$ 563,891</u>	<u>\$ 2,855 (C)</u>

Explanation of Adjustment/Difference:

(A) Expenses not billed in original invoice.

(B) Resultant effect due to previous adjustments.

(C) Sum of resultant effects.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH / MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
YEAR ENDED JUNE 30, 2002

Contract Number 99-20289-03
Code 0260-1637

<u>Program Activity</u>	<u>Total per Invoice</u>	<u>Total per Audit</u>	<u>Adjustment/ Difference</u>
Personnel	\$ 127,245	\$ 126,280	\$ (965) (A)
Operating	8,937	8,937	-
Administration	20,427	18,809	(1,618) (B)
Retained Revenue Allowances	<u>-</u>	<u>-</u>	<u>-</u>
Total	156,609	154,026	(2,583)
Revenue	<u>7,546</u>	<u>7,546</u>	<u>-</u>
Net to be Funded (Refunded)	<u>\$ 149,063</u>	<u>\$ 146,480</u>	<u>\$ (2,583) (C)</u>

Explanation of Adjustment/Difference:

- (A) Portion of salary expense billed twice in original invoice.
- (B) Administration calculated incorrectly for Recruitment and Retention in original invoice.
- (C) Sum of resultant effects.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH / MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
YEAR ENDED JUNE 30, 2002

Contract Number 99-20289-03
Code 0261-1615sc99

<u>Program Activity</u>	<u>Total per Invoice</u>	<u>Total per Audit</u>	<u>Adjustment/ Difference</u>
Personnel	\$ 296,082	\$ 293,592	\$ (2,490) (A)
Operating	65,422	65,422	-
Administration	50,972	53,852	2,880 (B)
Retained Revenue Allowances	<u>-</u>	<u>-</u>	<u>-</u>
Total	412,476	412,866	390
Revenue	<u>4,882</u>	<u>4,882</u>	<u>-</u>
Net to be Funded (Refunded)	<u>\$ 407,594</u>	<u>\$ 407,984</u>	<u>\$ 390 (C)</u>

Explanation of Adjustment/Difference:

(A) Portion of salary expense billed twice in original invoice.

(B) Administration calculated incorrectly for Recruitment and Retention in original invoice.

(C) Sum of resultant effects.

REVISED	CITY OF PHILADELPHIA DEPARTMENT OF PUBLIC HEALTH OFFICE OF MENTAL HEALTH & MENTAL RETARDATION	AGENCY: RESOURCES FOR HUMAN DEVELOPMENT, INC.	PERIOD: FROM: 07/01/01 TO: 06/30/02						
PROGRAM ACTIVITY	APPROVED: FISCAL DIRECTOR: EXECUTIVE DIRECTOR:	MS. MARY LOOMIS MR. ROBERT FISHMAN	DATE SUBMITTED: 10/25/02						
INVOICE SUMMARY									
{ X } MH { } MR									
PROGRAM ACTIVITY	CODE	CONTRACT NUMBER	ELIGIBLE PERSONNEL	EXPENDITURES OPERATING	ADMINISTRATION	TOTAL	REVENUE	NET TO BE FUNDED	INELIGIBLE COST (MEMO)
SR General	01-00-1400	99-20266-03	380,536	183,405	84,590	648,531	15	648,516	0
SR-Special Coordination	01-00-1493	99-20266-03	30,924	16,366	7,094	54,384	27,184	27,200	0
Res-Maximum CRR	01-00-1602	99-20266-03	56,761		8,514	65,275		65,275	0
Res-Specialized Placements	01-00-1612	99-20266-03	1,338,704	366,340	249,914	1,954,958	156,749	1,798,209	0
Res-Behavior Shaping	01-00-1613	99-20266-03	1,701,366	406,676	309,098	2,417,140	78,011	2,339,129	0
Res-CLA	01-00-1615	99-20266-03	1,195,583	413,145	235,567	1,844,295	125,898	1,718,397	0
Res-Progressive Demand	01-00-1616	99-20266-03	402,798	140,523	79,151	622,472	121,124	501,348	0
Res-SIL	01-00-1618	99-20266-03	434,084	371,553	120,104	925,741	646,232	279,509	0
Res-Other Spec	01-00-1619	99-20266-03	306,552	37,023	50,380	393,955	31,818	362,137	0
Res-SR/Eld	01-00-1621	99-20266-03	767,131	289,653	151,126	1,207,910	125,379	1,082,531	0
HS-SIL	01-00-2218	99-20266-03	55,926	16,694	10,893	83,513	17,933	65,580	0
Res-Progressive Demand	01-02-1616	99-20266-03	818,174	369,351	171,395	1,358,920	274,245	1,084,675	0
RA-Program Enhancement	01-02-1695	99-20266-03	347,795	384,207	108,686	840,688	3,645	837,043	0
Res-Comm Liv AR	01-04-1615	99-20266-03	373,139	134,809	73,165	581,113	27,535	553,578	0
Res-Comm Liv AR	01-05-1615	99-20266-03	42,137	0	6,320	48,457	0	48,457	0
RES-Medical	01-06-1696	99-20266-03	266,483	312,466	86,842	665,791	16,339	649,452	0
Res-Specialized Placements	01-07-1612	99-20266-03	82,796	15,635	14,765	113,196	7,643	105,553	0
RES-Forensic	01-07-1620	99-20266-03	581,260	198,704	116,016	895,980	55,877	840,103	0
Res-Medical	01-08-1622	99-20266-03	530,895	168,525	104,635	804,055	50,141	753,914	0
SR-Homeless Visiting Team	01-40-1433	99-20266-03	443,850	35,451	71,895	551,196	0	551,196	0
Res-Other Spec Re	01-40-1619	99-20266-03	350,522	179,486	79,501	609,509	26,527	582,982	0
Res-Homeless	01-40-1626	99-20266-03	409,475	158,865	85,250	653,590	21,146	632,444	0
SR-Homeless Visiting Team	01-40-1695	99-20266-03	62,531	21,372	12,586	96,489		96,489	0
TOTALS:			10,979,422	4,220,249	2,237,487	17,437,158	1,813,441	15,623,717	0

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH/MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
CONTRACT NO. 99-20266-03
YEAR ENDED JUNE 30, 2002**

Code nos. 01-00-1400, 01-00-1493, 01-00-1602, 01-00-1615, 01-00-1616, 01-00-1618, 01-00-1621, 01-00-2218, 01-02-1616, 01-04-4615, 01-05-1615, 01-06-1696, 01-07-1612, 01-08-1622, 01-40-1433, 01-40-1619, and 01-40-1695.

There were no adjustments to the Program Activity Invoice Summary.

Code nos. 01-00-1612, 01-00-1613, 01-00-1619, 01-02-1695, 01-07-1620, and 01-40-1626.

There were adjustments made to the Program Activity Invoice Summary for the above code nos. which are explained on the following pages.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH / MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
YEAR ENDED JUNE 30, 2002

Contract Number 99-20266-03
Code 01-00-1612

<u>Program Activity</u>	<u>Total per Invoice</u>	<u>Total per Audit</u>	<u>Adjustment/ Difference</u>
Personnel	\$ 1,338,692	\$ 1,338,704	\$ 12 (A)
Operating	366,712	366,340	(372) (B)
Administration	249,992	249,914	(78) (C)
Retained Revenue Allowances	<u>-</u>	<u>-</u>	<u>-</u>
Total	1,955,396	1,954,958	(438)
Revenue	<u>156,991</u>	<u>156,749</u>	<u>(242) (D)</u>
Net to be Funded (Refunded)	<u>\$ 1,798,405</u>	<u>\$ 1,798,209</u>	<u>\$ (196) (E)</u>

Explanation of Adjustment/Difference:

(A) Portion of staff training not included in orginal invoice.

(B) Adjustment due to clerical error.

(C) Resultant effect due to previous adjustments and removal of administration from R&R funds.

(D) Adjustment of uncollectible room and board.

(E) Sum of resultant effects.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH / MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
YEAR ENDED JUNE 30, 2002

Contract Number 99-20266-03
Code 01-00-1613

<u>Program Activity</u>	<u>Total per Invoice</u>	<u>Total per Audit</u>	<u>Adjustment/ Difference</u>
Personnel	\$ 1,690,479	\$ 1,701,366	\$ 10,887 (A)
Operating	406,176	406,676	500 (B)
Administration	307,390	309,098	1,708 (C)
Retained Revenue Allowances	<u>-</u>	<u>-</u>	<u>-</u>
Total	2,404,045	2,417,140	13,095
Revenue	<u>78,011</u>	<u>78,011</u>	<u>-</u>
Net to be Funded (Refunded)	<u>\$ 2,326,034</u>	<u>\$ 2,339,129</u>	<u>\$ 13,095 (D)</u>

Explanation of Adjustment/Difference:

(A) Portion of salary not included in original invoice .

(B) Expense not calculated in original invoice.

(C) Resultant effect due to previous adjustments.

(D) Sum of resultant effects.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH / MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
YEAR ENDED JUNE 30, 2002

Contract Number 99-20266-03
Code 01-00-1619

<u>Program Activity</u>	<u>Total per Invoice</u>	<u>Total per Audit</u>	<u>Adjustment/ Difference</u>
Personnel	\$ 306,629	\$ 306,552	\$ (77) (A)
Operating	37,022	37,023	1
Administration	50,380	50,380	-
Retained Revenue Allowances	<u>-</u>	<u>-</u>	<u>-</u>
Total	394,031	393,955	(76)
Revenue	<u>31,818</u>	<u>31,818</u>	<u>-</u>
Net to be Funded (Refunded)	<u>\$ 362,213</u>	<u>\$ 362,137</u>	<u>\$ (76) (B)</u>

Explanation of Adjustment/Difference:

(A) Adjustment due to clerical error.

(B) Sum of resultant effects.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH / MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
YEAR ENDED JUNE 30, 2002

Contract Number 99-20266-03
Code 01-02-1695

<u>Program Activity</u>	<u>Total per Invoice</u>	<u>Total per Audit</u>	<u>Adjustment/ Difference</u>
Personnel	\$ 353,030	\$ 347,795	\$ (5,235) (A)
Operating	384,208	384,207	(1)
Administration	109,472	108,686	(786) (B)
Retained Revenue Allowances	<u>-</u>	<u>-</u>	<u>-</u>
Total	846,710	840,688	(6,022)
Revenue	<u>3,645</u>	<u>3,645</u>	<u>-</u>
Net to be Funded (Refunded)	<u>\$ 843,065</u>	<u>\$ 837,043</u>	<u>\$ (6,022) (B)</u>

Explanation of Adjustment/Difference:

(A) Portion of salary expense not included in original invoice.

(B) Resultant effect due to previous adjustments.

(C) Sum of resultant effects.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH / MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
YEAR ENDED JUNE 30, 2002

Contract Number 99-20266-03
Code 01-07-1620

<u>Program Activity</u>	<u>Total per Invoice</u>	<u>Total per Audit</u>	<u>Adjustment/ Difference</u>
Personnel	\$ 536,002	\$ 581,260	\$ 45,258 (A)
Operating	199,837	198,704	(1,133) (B)
Administration	109,397	116,016	6,619 (C)
Retained Revenue Allowances	<u>-</u>	<u>-</u>	<u>-</u>
Total	845,236	895,980	50,744
Revenue	<u>58,002</u>	<u>55,877</u>	<u>(2,125) (D)</u>
Net to be Funded (Refunded)	<u>\$ 787,234</u>	<u>\$ 840,103</u>	<u>\$ 52,869 (E)</u>

Explanation of Adjustment/Difference:

(A) Portion of salary expense not included in original invoice.

(B) Reclassification of expenses from operating.

(C) Resultant effect due to previous adjustments.

(D) Adjustment of uncollectible room and board.

(E) Sum of resultant effects.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF MENTAL HEALTH / MENTAL RETARDATION
SCHEDULE OF ADJUSTMENTS ON PROGRAM ACTIVITY INVOICE SUMMARY
YEAR ENDED JUNE 30, 2002

Contract Number 99-20266-03
Code 01-40-1626

<u>Program Activity</u>	<u>Total per Invoice</u>	<u>Total per Audit</u>	<u>Adjustment/ Difference</u>
Personnel	\$ 409,415	\$ 409,475	\$ 60 (A)
Operating	158,530	158,865	335 (B)
Administration	85,192	85,250	58 (C)
Retained Revenue Allowances	<u>-</u>	<u>-</u>	<u>-</u>
Total	653,137	653,590	453
Revenue	<u>21,146</u>	<u>21,146</u>	<u>-</u>
Net to be Funded (Refunded)	<u>\$ 631,991</u>	<u>\$ 632,444</u>	<u>\$ 453 (D)</u>

Explanation of Adjustment/Difference:

(A) Portion of staff training not included in original invoice.

(B) Portion of building repair expense not included in original invoice.

(C) Resultant effect due to previous adjustments.

(D) Sum of resultant effects.

EARLY INTERVENTION COST SETTLEMENT REPORT		City Of Philadelphia Department Of Public Health Office Of Mental Health & Mental Retardation		AGENCY: Resources for Human Development, Inc.		PERIOD COVERED: 7/01/01-6/30/02							
				PROGRAM ACTIVITY: EIP - HOME/FAMILY SRVS		CODE: 0202-0942							
						DATE SUBMITTED: 08/15/02							
ACTUAL COST													
CLASSIFICATION	SOCIAL WORK	HEARING SENS	HEALTH SERV	NURSC SERV	NUTRN SERV	OCCUP THER	PHYS THER	PSYCH SERV	SPEECH PATH	INIT. EI SCREEN	SERVICE COORD	SPEC INSTR	TOTAL
1. PERSONNEL	8,478					54,443	39,294		1,324			266,192	369,730
2. OPERATING	2,174											41,480	43,654
3. ADMINISTRATION	1,598					8,166	5,894		199			46,151	62,008
4. TOTAL ELIGIBLE	12,249	0	0	0	0	62,609	45,188	0	1,522	0	0	353,823	475,390
5. OTHER REVENUE						1,721	1,860					7,579	11,159
6. NET COST	12,249	0	0	0	0	60,889	43,328	0	1,522	0	0	346,244	464,232
FEE REVENUE													
7. DIRECT SERVICE UNITS	446					3,026	2,077		78			8,750	14,377
8. COLLATERAL UNITS	0					0	0		0			11	11
9. TRAVEL UNITS	108					777	515		16			2,926	4,342
10. MISSED APPOINTMENTS	84					504	156		4			1,960	2,708
11. TOTAL BILLABLE UNITS	638	0	0	0	0	4,307	2,748	0	98	0	0	13,647	21,438
12. AUTHORIZED RATE	20.37					23.25	23.25		20.98			19.82	
13. TOTAL FEES	12,995	0	0	0	0	100,138	63,891	0	2,056	0	0	270,487	449,567
14. MA/PI FEES	5,255					36,029	15,222		1,637				58,144
15. COUNTY FEES	7,740	0	0	0	0	64,108	48,669	0	419	0	0	270,487	391,423
Memo: Waiver eligible fees													
FEES vs. COST COMPARISON													
16. TOTAL FEES (per line 13)	12,995	0	0	0	0	100,138	63,891	0	2,056	0	0	270,487	449,567
17. NET COST (per line 6)	12,249	0	0	0	0	60,889	43,328	0	1,522	0	0	346,244	464,232
18. SURPLUS/(DEFICIT)	746	0	0	0	0	39,249	20,563	0	534	0	0	(75,757)	(14,665)
DIRECT RATE COMPARISON													
19. NET COST (per line 6)	12,249	0	0	0	0	60,889	43,328	0	1,522	0	0	346,244	464,232
20. DIRECT UNITS (per line 7)	446	0	0	0	0	3,026	2,077	0	78	0	0	8,750	14,377
21. ACTUAL RATE	27.49	0.00	0.00	0.00	0.00	20.12	20.86	0.00	19.51	0.00	0.00	39.57	
22. BUDGETED RATE	20.37	0.00	0.00	0.00	0.00	23.25	23.25	0.00	20.98	0.00	0.00	19.82	
23. DIFFERENCE	7.12	0.00	0.00	0.00	0.00	(3.13)	(2.39)	0.00	(1.47)	0.00	0.00	19.75	

FILE: g:\aer99\hlcir (7/99)

REPORT OF FUNCTIONAL EXPENDITURES	AGENCY NAME AND ADDRESS	SUBMIT TO
YEAR ENDED JUNE 30, 2002	RESOURCES FOR HUMAN DEVELOPMENT, INC. 4700 WISSAHICKSON AVENUE PHILADELPHIA, PA 19144	CITY OF PHILADELPHIA DEPARTMENT OF HUMAN SERVICES CHILDREN AND YOUTH AGENCY PURCHASE OF SERVICES

OBJECTS OF EXPENSE	TOTAL W/O CORP OFF	FAMILY HOUSE NORRIS	NEW DIR VII	RESPIRE	NEW DIR IV	NEW DIR V	NEW DIR I	NEW DIR II	SUBACUTE	CORP OFFICE	TOTAL CORPORATION
1. SALARIES & WAGES	46,984,132	198,975	204,634	217,450	188,527	189,586	199,230	189,365	273,403	6,272,623	53,256,755
2. Administration	0	0	0	0	0	0	0	0	0	0	0
3. Professional	0	0	0	0	0	0	0	0	0	0	0
4. Clerical	0	0	0	0	0	0	0	0	0	0	0
5. Maintenance & Services	0	0	0	0	0	0	0	0	0	0	0
6. Child Care & Activities	0	0	0	0	0	0	0	0	0	0	0
7. Overtime	0	0	0	0	0	0	0	0	0	0	0
8. Perquisites	0	0	0	0	0	0	0	0	0	0	0
9. F.I.C.A.	3,635,441	0	16,611	17,409	15,170	15,189	15,464	14,748	21,748	474,478	4,109,920
10. Unemployment Comp	1,239,294	0	6,501	6,833	5,974	5,712	7,143	5,677	9,078	91,142	1,330,436
11. Worker's Compensation	1,438,667	0	8,191	8,013	8,964	10,783	9,354	8,957	9,085	31,113	1,469,800
12. Other	0	0	0	0	0	0	0	0	0	0	0
13. Empl. Health & Retire.	4,765,846	54,786	18,716	21,010	21,810	18,770	21,377	22,048	27,678	680,767	5,446,613
14. TOTAL SALARIES & WAGES	58,063,400	253,761	254,654	270,715	241,446	240,020	252,569	240,796	340,992	7,550,124	65,613,524
15. OPERATING EXP & ADMIN											
16. Professional Fees & Contract Paym	3,570,942	25,410	18,611	32,897	18,611	27,372	18,903	19,359	52,582	570,109	4,141,051
17. Supplies	1,965,220	8,208	18,512	19,135	14,652	17,335	21,062	18,715	17,335	76,708	2,041,928
18. Telephone & Telegraph	894,303	5,157	4,105	4,866	4,008	5,585	3,840	3,922	4,657	195,231	1,189,534
19. Postage & Shipping	97,156	73	417	511	417	521	417	429	0	100,113	197,268
20. Local Transportation	1,288,680	4,664	1,275	1,763	1,263	1,709	1,540	1,564	4,796	221,043	1,507,703
21. Outside Printing, Art Work, Etc.	288,198	1,405	1,100	1,321	1,100	1,321	1,100	1,100	0	118,064	406,262
22. Conferences, Conventions, Meetings	435,949	408	1,728	1,289	1,313	1,963	1,181	1,336	1,973	30,843	466,792
23. Subscriptions, Reference Publication	12,701	0	139	166	139	166	139	139	0	10,472	23,173
24. Membership Dues	0	0	0	0	0	0	0	0	0	0	0
25. Awards and Grants	0	0	0	0	0	0	0	0	0	0	0
26. Equip., Furn. & Mtr. Veh.	1,979,484	3,787	1,975	1,879	5,126	2,982	2,720	4,263	2,369	462,187	2,441,671
27. Depreciation	0	0	0	0	0	0	0	0	0	0	0
28. Fund Raising	722,411	3,405	246	326	801	406	606	281	228	765,959	1,468,370
29. Other	10,469,084	48,517	48,448	55,280	45,442	47,572	48,955	47,981	81,348	(10,469,084)	0
29. Administration											
30. TOTAL OPERATING EXPENSE	21,822,108	101,035	96,556	119,234	92,872	106,932	100,463	99,089	165,288	(7,918,355)	13,903,753

REPORT OF FUNCTIONAL EXPENDITURES

AGENCY NAME AND ADDRESS

SUBMIT TO

YEAR ENDED JUNE 30, 2002

RESOURCES FOR HUMAN DEVELOPMENT, INC
4700 WISSAHICKON AVENUE
PHILADELPHIA, PA 19144

CITY OF PHILADELPHIA
DEPARTMENT OF HUMAN SERVICES
CHILDREN AND YOUTH AGENCY
PURCHASE OF SERVICES

OBJECT OF EXPENSES	TOTAL W/O CORP OFF	FAMILY HOUSE NORRIS	NEW DIR VII	RESPIRE	NEW DIR IV	NEW DIR V	NEW DIR I	NEW DIR II	SUBACUTE OFFICE	CORP OFFICE	TOTAL CORPORATION
31 OCCUPANCY											
32. Office Rent	5,554,238	19,800	25,629	28,636	23,609	25,638	27,057	18,929	47,343	496,130	6,050,368
33. Bldg & Bldg Equipment Ins	650,979	3,365	3,837	3,367	2,842	3,153	2,984	2,765	4,839	159,139	810,118
34. Building & Ground Upkeep	3,118,904	6,897	12,634	32,458	10,391	12,351	17,591	31,248	29,921	615,930	3,734,834
35. Utilities	1,265,973	14,503	8,170	8,129	5,850	6,222	5,003	6,439	14,526	97,708	1,363,681
36. Janitorial & Maint. Serv Cont	145,395	476	0	0	0	1,250	0	0	730	139,231	284,826
37. Mortgage Interest/Taxes	119,442	0	0	0	0	0	0	0	0	583,312	702,754
38. Depreciation	0	0	0	0	0	0	0	0	0	0	0
39. Other	0	0	0	0	0	0	0	0	0	0	0
40. TOTAL OCCUPANCY EXPENSE	10,854,931	45,041	50,270	72,590	42,792	48,614	52,635	59,381	97,359	2,091,450	12,946,381
41. CHILDREN'S DIRECT EXPENSE											
42. Food or Board Payment	1,627,442	21,478	13,998	12,168	11,725	11,762	13,890	13,029	18,390	41,593	1,669,035
43. Other living Arrangements (U.M.)	0	0	0	0	0	0	0	0	0	0	0
44. Subsidy Payments to Foster Parents	0	0	0	0	0	0	0	0	0	0	0
45. Medical & Dental Fees & Supplies	169,263	21	0	0	0	0	0	0	0	989	170,252
46. Clothing, cleaning & repairing	71,646	781	2,292	2,232	2,180	3,065	2,403	1,176	617	0	71,646
47. Activities: recreation, camp	0	0	0	0	0	0	0	0	0	0	0
48. Personal Expenses	95,276	1,562	243	304	227	107	236	256	233	0	95,276
49. Transportation	285,666	0	3,115	3,271	3,360	2,911	3,290	3,042	785	784	286,450
50. Other	0	0	0	0	0	0	0	0	0	0	0
51. TOTAL CHILDREN'S DIRECT EXP.	2,249,292	23,842	19,847	17,974	17,491	17,845	19,818	17,503	20,025	43,388	2,292,658
52. GRAND TOTAL ALLOWABLE EXPS	92,989,731	423,679	421,126	480,514	394,600	413,412	425,284	416,768	623,664	1,766,585	94,756,318
53. GRAND TOTAL NON-ALLOW EXP	0	0	0	0	0	0	0	0	0	0	0
54. GRAND TOTAL ALL EXPENSES	92,989,731	423,679	421,126	480,514	394,600	413,412	425,284	416,768	623,664	1,766,585	94,756,318
Property and equipment capitalized											
Change in inventory costs capitalized											
Depreciation and amortization expense											
Long term debt principal payments and proceeds											
Cost of fixed assets sold											
Net change in deposits											
Other costs capitalized											
Abandonment of capital computer software											
Murex Corp & Murex Investment											
Eliminate Self Insurance Admin											
Eliminate Artreach											
Additional expense for unit 1988											
Net capital of investments											
Total Direct Costs											
(2,721,232)											
243,761											
2,111,961											
42,759											
251,430											
19,865											
(26,614)											
338,168											
838,849											
(507,700)											
(188,261)											
54,406											
(516,353)											
94,697,353											

TOTAL DAYS OF CARE - ALL CHILDREN	N/A	1,785	1,593	1,496	1,180	1,799	1,627	2,521
TOTAL DAYS OF CARE - DHS CHILDREN	175	587	1,124	1,302	823	1,140	1,331	2,521
CAPACITY OF ALL FACILITIES	N/A	6	5	6	5	6	5	8

REPORT OF REVENUE BY
FUNCTIONAL PROGRAM

YEAR ENDED JUNE 30, 2002

AGENCY NAME AND ADDRESS
RESOURCES FOR HUMAN DEVELOPMENT, INC.
4700 WISSAHICKON AVENUE
PHILADELPHIA, PA 19144

SUBMIT TO
CITY OF PHILADELPHIA
DEPARTMENT OF HUMAN SERVICES
CHILDREN AND YOUTH AGENCY
PURCHASE OF SERVICES

REPORT OF REVENUE BY FUNCTIONAL PROGRAM	TOTAL ALL FUNCTIONS W/O CORP OF	FAMILY HOUSE NORRIS	NEW DIR VII	RESPIRE	NEW DIR IV	NEW DIR V	NEW DIR I	NEW DIR II	SUBACUTE
55 FEDERAL GOVERNMENT:	0	0	0	0	0	0	0	0	0
56 TITLE I	0	0	0	0	0	0	0	0	0
57 TITLE II	0	0	0	0	0	0	0	0	0
58 TITLE XIX	0	0	0	0	0	0	0	0	0
59 TITLE XX	0	0	0	0	0	0	0	0	0
60 FEDERAL	2,781,027	0	0	0	0	0	0	0	0
61 FEDERAL (A H A D)	0	0	0	0	0	0	0	0	0
62 FEDERAL (ABBOTTSFORD)	0	0	0	0	0	0	0	0	0
63 OTHER FEDERAL	0	0	0	0	0	0	0	0	0
64 PHILADELPHIA RDA	346,946	0	0	0	0	0	0	0	0
65 OESS	2,531,844	0	0	0	0	0	0	0	0
66 STATE GOV'T	17,861,439	0	0	0	0	0	0	0	0
67 PHILADELPHIA ACT-152	64,525	0	0	0	0	0	0	0	0
68 PHILA. DHS	1,064,333	10,995	19,073	52,320	80,444	34,942	81,342	54,694	0
69 PHILA. DHS - HRD	0	0	0	0	0	0	0	0	0
70 MONTGOMERY COUNTY	9,304,686	40,035	0	0	0	0	0	0	0
71 DELAWARE COUNTY	161,235	0	0	0	0	0	0	0	0
72 CHESTER COUNTY	12,898	0	0	0	0	0	0	0	0
73 LEHIGH COUNTY	1,022,157	0	0	0	0	0	0	0	0
74 VARIOUS OTHER COUNTIES	7,680,189	0	0	0	0	0	0	0	0
75 C.O.D.A.P.	103,000	0	0	0	0	0	0	0	0
76 MR/MH-PHILADELPHIA	28,548,568	0	0	0	0	0	0	0	0
77 OTHER (SPECIFY)-PHILA OHCD	293,986	0	0	0	0	0	0	0	0
78 MEDICAL ASSISTANCE/CBHMAG	10,580,504	318,654	385,321	340,726	351,514	271,712	312,065	346,802	0
79 PRIVATE FUND RAISING	0	0	0	0	0	0	0	0	0
80 HOPE 3	0	0	0	0	0	0	0	0	0
81 MISCELLANEOUS	2,251,655	12,848	0	0	0	0	0	0	0
82 RENTAL INCOME	185,282	0	0	0	0	0	0	0	0
83 ENDOWMENT FUNDS	0	0	0	0	0	0	0	0	0
84 FOUNDATIONS/CORPORATIONS	1,408,235	0	0	0	0	0	0	0	0
85 ORGANIZATIONS	2,942	0	0	0	0	0	0	0	0
86 PROGRAMS INCOME	7,630,665	0	0	0	0	0	0	0	0
87 CLIENTS FEES	0	0	0	0	0	0	0	0	0
88 DONATIONS	594,325	0	0	0	0	0	0	0	0
89 GRAND TOTAL	94,430,241	382,332	404,384	393,046	431,958	306,654	393,407	401,496	0

CORPORATE OFFICE INCOME 2,144,295

TOTAL CORPORATE INCOME	96,574,536
Change in Deferred Revenue	(511,120)
Change in Restricted Revenue	(1,431,449)
Amortization of Deferred Credits	54,811
Murex or Murex Investment Revenue	742,164
TOTAL INCOME	95,428,942

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
SCHEDULE OF SOURCE AND STATUS OF FUNDS
CONTRACT NO. 02-20552
YEAR ENDED JUNE 30, 2002

	<u>McKinney funds</u>	<u>Program income</u>	<u>Other city funds</u>	<u>Noncity funds</u>	<u>Total</u>
Total contract:	\$ <u>93,233</u>	\$ <u>237,000</u>	\$ <u>129,992</u>	\$ <u>-</u>	\$ <u>460,225</u>
Less:					
Funds drawn down - prior fiscal year	-	-	-	-	-
Funds drawn down - current year	<u>93,006</u>	<u>86,278</u>	<u>115,543</u>	<u>-</u>	<u>294,827</u>
Total funds drawn down	<u>93,006</u>	<u>86,278</u>	<u>115,543</u>	<u>-</u>	<u>294,827</u>
Funds still available for draw down	\$ <u>227</u>	\$ <u>150,722</u>	\$ <u>14,449</u>	\$ <u>-</u>	\$ <u>165,398</u>
Total funds drawn down	\$ <u>93,006</u>	\$ <u>86,278</u>	\$ <u>115,543</u>	\$ <u>-</u>	\$ <u>294,827</u>
Add:					
Program income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds received	<u>93,006</u>	<u>86,278</u>	<u>115,543</u>	<u>-</u>	<u>294,827</u>
Less:					
Program income expended	-	-	-	-	-
Funds applied - prior fiscal year	-	-	-	-	-
Funds applied - current fiscal year	<u>93,006</u>	<u>86,278</u>	<u>115,543</u>	<u>-</u>	<u>294,827</u>
Total funds applied	<u>93,006</u>	<u>86,278</u>	<u>115,543</u>	<u>-</u>	<u>294,827</u>
Total funds due from funding source	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Total funds available for disposition	\$ <u>227</u>	\$ <u>150,722</u>	\$ <u>14,449</u>	\$ <u>-</u>	\$ <u>165,398</u>

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
SCHEDULE OF PROGRAM INCOME
CONTRACT NO. 02-20552
YEAR ENDED JUNE 30, 2002

	<u>Sale proceeds</u>	<u>Rent collected</u>	<u>Total</u>
Program income (cumulative through June 30, 2001)	\$ -	\$ -	\$ -
Less program income expended in prior years	<u>-</u>	<u>-</u>	<u>-</u>
Beginning balance, July 1, 2001	-	-	-
Add program income received in current fiscal year	-	-	-
Less program income expended in current fiscal year	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance, June 30, 2002	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
SCHEDULE OF PROGRAM EXPENDITURES
CONTRACT NO. 02-20552
YEAR ENDED JUNE 30, 2002

	Project budget				Accrued expenditures prior to July 1, 2001			
Contract categories	CBDG funds	Home funds	Other city funds	Total funds	CBDG funds	Home funds	Other city funds	Total funds
Direct personnel	\$ 26,620	\$ -	\$ 90,950	\$ 117,570	\$ -	\$ -	\$ -	\$ -
Direct fringe benefits	6,670	-	30,042	36,712	-	-	-	-
Travel	2,530	-	-	2,530	-	-	-	-
Rental payments	-	237,000	-	237,000	-	-	-	-
Occupancy	16,223	-	-	16,223	-	-	-	-
Consumable supplies	10,402	-	-	10,402	-	-	-	-
Equipment rental/lease	9,800	-	-	9,800	-	-	-	-
Professional services		-	6,000	6,000	-	-	-	-
Insurance	1,580	-	-	1,580	-	-	-	-
Program expenses	<u>19,408</u>	-	<u>3,000</u>	<u>22,408</u>	-	-	-	-
Operating subtotal	93,233	237,000	129,992	460,225	-	-	-	-
Audit costs	-	-	-	-	-	-	-	-
Contract total	\$ 93,233	\$ 237,000	\$ 129,992	\$ 460,225	\$ -	\$ -	\$ -	\$ -

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
SCHEDULE OF PROGRAM EXPENDITURES (CONTINUED)
CONTRACT NO. 02-20552
YEAR ENDED JUNE 30, 2002

Contract categories	Accrued expenditures July 1, 2001 to June 30, 2002				Accrued expenditures cumulative to June 30, 2002			
	CBDG funds	Home funds	Other city funds	Total funds	CBDG funds	Home funds	Other city funds	Total funds
Direct personnel	\$ 26,610	\$ -	\$ 87,956	\$ 114,566	\$ 26,610	\$ -	\$ 87,956	\$ 114,566
Direct fringe benefits	6,647	-	20,735	27,382	6,647	-	20,735	27,382
Travel	2,514	-	-	2,514	2,514	-	-	2,514
Rental payments	-	86,278	-	86,278	-	86,278	-	86,278
Occupancy	16,153	-	-	16,153	16,153	-	-	16,153
Consumable supplies	10,385	-	-	10,385	10,385	-	-	10,385
Equipment rental/lease	9,785	-	-	9,785	9,785	-	-	9,785
Professional services	-	-	3,856	3,856	-	-	3,856	3,856
Insurance	1,573	-	-	1,573	1,573	-	-	1,573
Program expenses	19,339	-	2,996	22,335	19,339	-	2,996	22,335
Operating subtotal	93,006	86,278	115,543	294,827	-	-	-	-
Audit costs	-	-	-	-	-	-	-	-
Contract total	\$ 93,006	\$ 86,278	\$ 115,543	\$ 294,827	\$ 93,006	\$ 86,278	\$ 115,543	\$ 294,827

RESOURCES FOR HUMAN DEVELOPMENT, INC.
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
RECONCILIATION SCHEDULE
CONTRACT NO. 02-20552
YEAR ENDED JUNE 30, 2002

	<u>Amount per audit report</u>	<u>Amount per June 30, 2002 subrecipient invoices</u>	<u>Differences</u>
Contract amount	\$ 460,225	\$ 460,225	\$ -
Program cost			
Current year	294,827	294,827	-
Cumulative	294,827	294,827	-
Funds drawn down			
Current year	294,827	294,827	-
Cumulative	<u>294,827</u>	<u>294,827</u>	<u>-</u>
Balance of advance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

RESOURCES FOR HUMAN DEVELOPMENT, INC.
COORDINATING OFFICE FOR DRUG AND ALCOHOL ABUSE PROGRAMS
SCHEDULE OF FUNCTIONAL EXPENDITURES
BY CONTRACT/PROGRAM AND REVENUES BY
FUNDING SOURCE
CONTRACT NO. 99-20319
YEAR ENDED JUNE 30, 2002

	New Start Contract No. <u>99-20319</u>	Endow-a-Home Outpatient Services Contract No. <u>99-20319</u>	Transitional Housing Contract No. <u>99-20319</u>
Expenditures by cost center:			
Total personnel services	\$ -	\$ 47,092	\$ 425,013
Total operating expenses	52,000	-	267,562
Total fixed assets	<u>-</u>	<u>15,738</u>	<u>3,044</u>
 Total expenditures by cost center	 <u>52,000</u>	 <u>62,830</u>	 <u>695,619</u>
Funding sources:			
Client fees	-	-	43,812
City of Philadelphia, Coordinating Office for Drug and Alcohol Abuse	-	-	103,000
Other	<u>52,000</u>	<u>62,830</u>	<u>521,048</u>
 Total funding sources	 <u>52,000</u>	 <u>62,830</u>	 <u>667,680</u>
 Excess of expenditures over funding sources	 \$ <u>-</u>	 \$ <u>-</u>	 \$ (<u>27,759</u>)

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
COORDINATING OFFICE FOR DRUG AND ALCOHOL ABUSE PROGRAMS
RECONCILIATION OF AGENCY-REPORTED TO AUDITED**

**UNITS OF SERVICE
CONTRACT NO. 99-20319
YEAR ENDED JUNE 30, 2002**

<u>Type of service</u>	<u>Units of Service reported to CODAAP</u>	<u>Rate per unit (1)</u>	<u>Reported total fee- for-service</u>	<u>Unit Adjustments</u>	<u>Units per audit</u>	<u>Total fee-for service per audit</u>
Transitional living(1)	2,411	\$41.05	\$ 98,972		2,411	\$ 98,972
Transitional living (2)	<u>247</u>	39.26	<u>9,697</u>		<u>247</u>	<u>9,697</u>
	<u>2,658</u>		108,669		<u>2,658</u>	108,669
Less client fees			(<u>5,669</u>)			(<u>5,669</u>)
			\$ <u>103,000</u>			\$ <u>103,000</u>

(1) Rate per unit is amount as approved in the contract agreement.
(2) Rate per unit of \$39.26 was used by mistake in January 2002.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
AACO CONTRACT NUMBER 02-20957
YEAR ENDED JUNE 30, 2002

Expenditures

Personnel:

Salaries	\$	38,927
Fringe benefits		<u>8,840</u>

Total personnel expenditures		47,767
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Operating:

Occupancy		6,192
Communications		892
Education/Program supplies		1,059
Printing		1,131
Other		<u>603</u>

Total operating expenditures		9,877
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Equipment:

Lease/rental		<u>1,928</u>
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Total equipment expenditures		<u>1,928</u>
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Total direct expenditures		59,572
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Administration		<u>5,478</u>
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Total expenditures		<u>65,050</u>
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<u>Program revenue</u>		<u>-</u>
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Net AACO funded expenditures	\$	<u><u>65,050</u></u>
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RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
AACO CONTRACT NUMBER 01-20957
YEAR ENDED JUNE 30, 2002

<u>Expenditures</u>	
Personnel:	
Salaries	\$ 45,742
Fringe benefits	<u>8,757</u>
Total personnel expenditures	54,499
Operating:	
Education/Program supplies	<u>1,510</u>
Total direct expenditures	56,009
Administration	<u>8,403</u>
Total expenditures	<u>64,412</u>
<u>Program revenue</u>	<u>-</u>
Net AACO funded expenditures	\$ <u><u>64,412</u></u>

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF REVENUE AND EXPENSES
CARBON-MONROE-PIKE COUNTIES MH/MR
YEAR ENDED JUNE 30, 2002

		Residential Crisis	Telephone Crisis	Mobile Crisis	Consumer Satisfaction Team	OARS (Community Services)	Social Rehab	HUD Supportive Housing
REVENUE:								
Fee for Service - State Match, Non FFP and Behavioral Health	\$ 277,191	\$ 26,555	\$ 104,377	\$ -	\$ -	\$ -	\$ -	\$ -
Retained Revenue Request	11,723	-	-	-	-	5,250	-	5
Fee for Service - Other Counties	2,989	-	-	-	-	-	-	-
Food Pantry Grant	5,400	-	-	-	-	-	-	-
Federal FFP	134,302	8,901	30,791	-	-	-	-	-
County Support (HUD Program)	-	-	-	-	-	-	-	49,995
HUD Funds	-	-	-	-	-	-	-	156,472
Program Funding	-	231,441	-	30,300	-	131,150	37,500	-
Transfer Between Programs	22,455	17,174	(39,629)	-	-	-	-	-
Total Revenue	\$ 454,061	\$ 284,071	\$ 95,538	\$ 30,300	\$ 136,400	\$ 37,500	\$ 206,472	
EXPENSES:								
Salaries & Wages	250,091	176,416	59,263	18,260	52,994	-	-	107,887
Taxes/Benefits	62,435	39,365	9,524	3,031	9,869	-	-	26,495
Staff Development	227	346	57	1,377	545	-	-	-
Purchased Personnel & Services	22,194	10,498	2,678	64	1,544	-	-	2,886
Rent	9,518	8,175	2,124	40	3,425	-	-	11,777
Real Estate Taxes	2,039	1,591	449	-	-	-	-	-
Utilities	2,800	2,187	616	-	598	-	-	827
Insurance-Building & Contents	957	579	161	-	7	-	-	-
Insurance-Service	2,903	1,443	859	194	-	-	-	1,147
Housekeeping/Moving Costs	1,228	994	259	2	117	-	-	5,004
Communications	5,967	8,095	2,751	417	2,441	52	-	8,901
Office/Computer Supplies	1,984	2,906	546	684	5,108	100	-	1,585

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF REVENUE AND EXPENSES (CONTINUED)
CARBON-MONROE-PIKE COUNTIES MH/MR
YEAR ENDED JUNE 30, 2002

	Residential Crisis	Telephone Crisis	Mobile Crisis	Consumer Satisfaction Team	OARS (Community Services)	Social Rehab	HUD Supportive Housing
EXPENSES (CONT'D):							
Medical Supplies	\$ 362	\$ 180	\$ 100	\$ -	\$ 333	\$ -	\$ 203
Food	13,610	-	-	-	647	-	1,268
Rehabilitation Supplies	1,464	-	-	36	41	-	1,232
Childcare	-	-	-	-	-	-	1,564
Household Goods	3,585	821	355	-	122	-	6,425
Staff Travel	1,078	774	508	1,702	241	-	585
Client Transportation	-	-	-	-	-	-	634
Miscellaneous Operating	1,333	142	68	416	446	57	2,447
Equipment and Furnishings-Large	5,795	1,232	996	846	7,344	3,600	799
Equipment and Furnishings-Small	4,710	414	185	467	3,818	825	4,103
Building Repair & Maintenance	1,826	691	195	-	-	-	-
Equipment Repair & Maintenance	946	1,358	244	9	21	-	514
Motor Vehicle Lease/Purchase	-	-	-	-	29,421	29,457	7,422
Motor Vehicle Expense	3,288	39	3,149	-	146	-	3,314
Motor Vehicle Insurance	1,786	-	1,767	-	-	-	4,902
Total Direct Expenses	402,125	258,247	86,853	27,545	119,227	34,091	201,921
Administrative Overhead	40,213	25,825	8,685	2,755	11,923	3,409	4,545
Total Expenses	\$ 442,338	\$ 284,071	\$ 95,538	\$ 30,300	\$ 131,150	\$ 37,500	\$ 206,466

**SUPPORT AND REVENUE (OVER) /
UNDER EXPENSES**

	\$ 11,723	\$ -	\$ -	\$ -	\$ 5,250	\$ -	\$ 5
REQUEST FOR RETAINED REVENUE	\$ 11,723				\$ 5,250		\$ 5

UOS PROVIDED	4,837	3,535	4,867	N/A	N/A	N/A	N/A
(b) NET UNIT RATE \$	62	\$ 78	\$ 13	N/A	N/A	N/A	N/A
(c) GROSS UNIT RATE \$	91	\$ 80	\$ 20	N/A	N/A	N/A	N/A

RESOURCES FOR HUMAN DEVELOPMENT, INC.
CARBON-MONROE-PIKE DEPARTMENT OF MENTAL HEALTH/MENTAL RETARDATION
SCHEDULE OF UNITS OF SERVICE
PROVIDER NO. RES 110
YEAR ENDED JUNE 30, 2002

<u>Type of Service</u>		<u>MA Units of Service</u>	<u>Non-MA Units of Service</u>	<u>Total</u>
Residential Crisis				
Established rate:	\$ 85.69 (1)	2,881	1,956	4,837
Telephone Crisis				
Established rate:	\$ 10.03 (1)	1,631	1,904	3,535
Team Mobile Crisis				
Established rate:	\$ 30.01 (1)	1,669	2,110	3,779
Individual Mobile Crisis				
Established rate:	\$ 20.00 (1)	326	762	1,088

(1) Established rate is the amount as approved in the contract.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
STATEMENT OF INCOME - MONTGOMERY COUNTY FUNDED PROGRAMS
YEAR ENDED JUNE 30, 2002

PROGRAM	Montco Prog Fund	Montco FFS	Montco Other	Medical Assistance	Other Co/State	Private Insurance	Prog Fee/ Client Fee	Grants/ Donations	Misc Income	Total Revenue
MENTAL HEALTH										
LMCS - MH Outpatient	\$ 135,201	\$ -	\$ -	\$ 20,717	\$ -	\$ 74,582	\$ 175,759	\$ 28,296	\$ -	\$ 434,556
LMCS - Student Assistance	21,870	1,890	-	-	-	-	-	-	-	23,760
PIC - MH TASC	65,602	-	15,000	-	-	-	-	-	-	80,602
Consultants in Context	87	146,000	-	-	500	-	-	-	-	146,587
Renaissance/New Foundations	676,753	690,453	-	-	-	-	231,179	100	21	1,598,505
Wellspring	342,569	-	-	-	-	-	70,112	-	-	412,680
New Options	993,716	-	-	-	-	-	92,708	-	3,735	1,090,159
Positive Resolutions	1,459,152	-	-	-	-	-	70,523	-	-	1,529,675
Compeer	83,825	-	-	-	-	-	-	35,478	-	119,303
Upper Merion Schools	-	-	54,048	-	-	-	-	-	-	54,048
Recruitment & Retention	33,626	-	-	-	-	-	-	-	-	33,626
subtotal Mental Health	\$ 3,812,401	\$ 838,343	\$ 69,048	\$ 20,717	\$ 500	\$ 74,582	\$ 640,280	\$ 63,874	\$ 3,756	\$ 5,523,500
DRUG & ALCOHOL										
LMCS - D&A Outpatient	-	9,825	2,109	(326)	-	330	588	-	-	12,526
PIC - D&A Outpatient	-	109,213	190,016	(2,048)	-	6,664	83,876	200	1,897	389,818
PIC - Pottstown	-	24,649	93,197	(64)	-	4,908	25,008	-	-	147,698
PIC - D&A TASC	-	87,814	-	-	-	-	(30)	-	-	87,784
PIC - Continuity	-	36,239	18,919	-	-	-	-	-	-	55,158
PIC - Dually Diagnosed	-	-	-	(1,544)	-	(1,880)	(16,438)	-	-	(19,861)
PIC - D&A Case Management	214,982	-	-	-	-	-	-	-	-	214,982
PIC - Sexual Offenders	-	1,850	10,514	(221)	(240)	740	25,595	-	-	38,239
PIC - Willow Grove	150,035	-	2,914	-	-	75	41,540	-	169	194,733
MC Methadone Center	-	514,683	-	415	21	-	285,761	430	-	801,309
Montco Hospital Prenatal	71,592	-	-	-	-	-	-	-	-	71,592
WomanSpace	-	28,783	(4,184)	261,137	23,988	-	52,070	39,000	2,942	403,735
Family House - Norristown	-	40,035	-	256,594	10,995	-	74,626	39,000	82	421,332
subtotal Drug & Alcohol	436,610	853,091	313,486	513,942	34,764	10,836	572,597	78,630	5,090	2,819,046
MENTAL RETARDATION										
RSS	1,725,224	256,523	-	-	-	-	153,235	-	-	2,134,983
RSS - Ambler	134,632	-	-	-	-	-	9,904	-	-	144,536
LM Vocational Training	-	666,774	-	-	11,968	-	105,501	1,478	25,280	811,000
Lower Merion Industries	-	-	-	-	-	-	15,147	-	-	15,147
Family Support	111,082	-	-	-	-	-	-	-	20,292	131,374
Recruitment & Retention	64,863	-	-	-	-	-	-	-	-	64,863
subtotal Mental Retardation	2,035,801	923,297	-	-	11,968	-	283,787	1,478	45,572	3,301,903
TOTL PROGRAM REVENUE	\$ 6,284,811	\$ 2,614,731	\$ 382,534	\$ 534,660	\$ 47,232	\$ 85,418	\$ 1,496,664	\$ 143,982	\$ 54,417	\$ 11,644,450

RESOURCES FOR HUMAN DEVELOPMENT, INC.
FAMILY HOUSE AND WOMANSPLACE SCHEDULE OF PROGRAM UNITS OF SERVICE
YEAR ENDED JUNE 30, 2002

<u>Program</u>	<u>Units of service reported</u>	<u>Rate per unit (1)</u>	<u>Reported total fee-for- service</u>	<u>Total audited fee-for- service</u>	<u>Total billed fee-for- service</u>	<u>Difference</u>
Family House - Norristown						
	243	\$ 162	\$ 39,325	\$ 39,325	\$ 39,325	\$ -
	2,249	\$ 142	319,364	319,364	319,364	-
	180	\$ 61	10,995	10,995	10,995	-
	-	Misc.	N/A	12,648	N/A	-
Total	<u>2,672</u>		<u>\$ 369,684</u>	<u>\$ 382,332</u>	<u>\$ 369,684</u>	<u>\$ -</u>
Womanspace						
	3,254	\$ 107	\$ 348,208	\$ 364,488	\$ 364,488	\$ -
	-	Misc.	N/A	4,431	N/A	-
Total	<u>3,254</u>		<u>\$ 348,208</u>	<u>\$ 368,919</u>	<u>\$ 364,488</u>	<u>\$ -</u>

(1) Rate per unit is amount as approved in the contract agreement.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF REVENUE AND EXPENSES
NORTHAMPTON COUNTY MH PROGRAMS
YEAR ENDED JUNE 30, 2002

	Hope House	Hope House Outpatient Services	Hope Springs Almond Rd.	Hope Springs Friedens Rd.	LVACT	Flexible Funds
REVENUE:						
Northampton County MH/MR	\$ 344,868	\$ 50,132	\$ 233,083	\$ 226,398	\$ 278,210	\$ 168,043
Northampton County MH/MR - FY 00-01 Waiver Funding	-	-	146,815	8,658	-	-
Recruitment and Retention	14,343	-	7,048	7,048	-	-
Medical Assistance	90,086	-	-	-	187,736	-
Magellan Income	72,412	-	-	-	-	-
Room, Board	-	-	7,503	2,054	-	-
Other Income	1,152	-	-	-	-	-
Total Revenue	522,861	50,132	394,449	244,158	465,946	168,043

EXPENSES:						
Salaries & Wages	268,379	16,823	116,169	105,594	319,665	-
Social Security	21,376	1,287	9,235	8,294	25,476	-
Retirement	-	-	-	-	-	-
Other Benefits	50,981	529	22,265	19,796	45,913	-
Staff Development	1,242	-	199	100	2,901	-
Purchased Personnel & Services	22,405	-	6,461	7,450	43,675	4,414
Vocational Support Svcs (Flex only)	-	-	-	-	-	2,670
On-Site Psychiatric (Hope House only)	-	26,525	-	-	-	-
Rent	3,429	-	1,096	2,918	22,988	135,162
Real Estate Taxes	726	-	-	-	-	-
Utilities	6,356	-	1,771	1,263	10	489
Insurance-Building & Contents	251	-	109	109	64	-
Insurance-Service	3,526	-	1,453	1,453	3,747	-
Housekeeping	2,535	-	2,210	2,059	237	2,237
Communications	9,950	-	4,595	4,081	11,527	-
Office/Computer Supplies	4,744	-	1,480	1,109	2,931	-
Computer Services	13	-	6	6	19	-
Copy Machine Lease	-	-	-	-	-	-
Medical Supplies	455	-	477	180	514	397

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF REVENUE AND EXPENSES (CONT'D)
NORTHAMPTON COUNTY MH PROGRAMS
YEAR ENDED JUNE 30, 2002

EXPENSES (CONT'D):	Hope House	Hope House Outpatient Services	Hope Springs Almond Rd.	Hope Springs Friedens Rd.	LVACT	Flexible Funds
Medications	\$ 518	\$ -	\$ 68	\$ 46	\$ -	\$ 7,723
Clothing	-	-	-	-	-	1,158
Food	9,811	-	3,523	2,749	-	2,614
Rehabilitation Supplies	1,226	-	801	875	-	6,153
Recreation	309	-	171	109	-	-
Household Goods	4,045	-	2,385	1,743	-	862
Staff Travel	475	-	543	760	22,076	-
Client Transportation	-	-	-	-	-	1,944
Library	110	-	21	21	160	-
Miscellaneous Operating	2,400	-	1,737	1,174	(95,292) (a)	682
Equipment and Furnishings-Large	4,350	-	1,038	1,038	1,332	-
Equipment and Furnishings-Small	840	-	537	523	25	1,537
Equipment Leasing	-	-	-	-	-	-
Building Repair & Maintenance	44,532	-	55,044	54,475	-	-
Land & Building	-	-	119,728	-	-	-
Equipment Repair & Maint. Contracts	2,383	-	33	33	1,579	-
Motor Vehicle Lease/Purchase	-	-	-	-	-	-
Motor Vehicle Expense	925	-	655	531	1,298	-
Motor Vehicle Repairs/Supplies	192	-	77	-	1,941	-
Motor Vehicle Insurance	2,145	-	2,102	2,102	2,178	-
Total Direct Expenses	470,628	45,164	355,988	220,591	414,964	168,043
Administrative Overhead	50,191	4,968	38,383	23,490	46,476	-
Total Expenses	520,819	50,132	394,372	244,081	461,440	168,043

**SUPPORT AND REVENUE
OVER / (UNDER) EXPENSES**

	\$ 2,042	\$ -	\$ 77	\$ 77	\$ 4,507	\$ -
REQUEST FOR RETAINED REVENUE	\$ 2,042	\$ -	\$ 77	\$ 77	\$ 4,506	\$ -

UOS PROVIDED	5,168	N/A	N/A	N/A	16,508	N/A
NET UNIT RATE \$	66	N/A	START-UP	START-UP	\$ 17	N/A

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF REVENUE AND EXPENSES
NORTHAMPTON COUNTY MR PROGRAMS
YEAR ENDED JUNE 30, 2002

	Trisha	Karoly	Highland	ON OUR OWN				Milton	Ackermanville	TOTAL
				Somerset	Oak Hollow					
REVENUE:										
Northampton County MH/MR	\$ 455,615	\$ 485,364	\$ 388,102	\$ 487,777	\$ 245,214	\$	\$	\$ 385,184	\$ 472,471	\$ 2,919,726
Recruitment & Retention	10,277	16,128	9,508	6,843	5,354			8,022	4,453	60,585
Room, Board	14,616	19,523	14,619	9,253 (b)	4,372			12,158	6,691	81,233
Retained Revenue Request (a)	-	-	-	-	-			-	-	5,664
Total Revenue	480,508	521,015	412,229	503,872	254,940			405,364	483,615	3,067,208
EXPENSES:										
Salaries & Wages	268,938	311,156	233,934	291,636	145,692			225,806	250,572	1,727,733
Social Security	20,574	23,803	17,896	22,310	11,145			17,274	19,169	132,172
Other Benefits	51,292	55,370	48,205	60,673	25,926			43,714	45,868	331,048
Staff Development	1,538	1,281	1,414	1,847	666			1,352	1,780	9,877
Purchased Personnel & Services	1,085	1,286	1,429	1,239	5,182			9,940	5,638	25,800
Rent	15,106	14,036	13,950	21,411	12,014			21,213	17,907	115,639
Real Estate Taxes	-	-	294	-	-			-	-	294
Utilities	5,776	3,170	3,842	3,797	1,173			3,852	1,916	23,525
Insurance-Building & Contents	248	250	248	185	10			183	222	1,345
Insurance-Service	2,878	2,909	2,492	2,996	1,500			2,534	3,235	18,544
Housekeeping	1,774	2,318	2,632	2,705	121			3,167	4,182	16,899
Communications	5,187	5,043	4,783	7,025	3,658			5,813	9,157	40,666
Office/Computer Supplies	1,818	2,051	2,030	3,028	1,087			1,870	2,518	14,401
Computer Services	72	82	72	82	36			72	97	512
Copy Machine Lease	687	722	590	783	390			647	830	4,650
Medical Supplies	1,399	1,099	409	1,472	193			768	288	5,628
Medications	-	-	-	751	-			-	-	751

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF REVENUE AND EXPENSES (CONT'D)
NORTHAMPTON COUNTY MR PROGRAMS
YEAR ENDED JUNE 30, 2002

	Trisha	Karoly	Highland	Somerset	Oak Hollow	Milton	Ackermanville	TOTAL
EXPENSES (CONT'D):								
Food	\$ 9,133	\$ 10,742	\$ 6,881	\$ 5,156	\$ 2,186	\$ 7,111	\$ 6,017	\$ 47,224
Rehabilitation Supplies	1,570	1,115	1,870	1,476	563	1,168	1,904	9,665
Recreation	208	271	413	205	214	413	272	1,996
Household Goods	3,446	3,499	3,642	4,448	911	2,552	5,200	23,699
Staff Travel	1,955	1,752	679	3,151	1,328	2,258	3,406	14,528
Library	42	44	34	48	25	37	44	274
Miscellaneous Operating	948	728	644	2,012	365	1,216	901	6,816
Equipment and Furnishings-Large	1,934	2,211	1,934	2,211	6,167	1,934	2,625	19,016
Equipment and Furnishings-Small	1,619	1,531	527	3,328	1,624	934	4,387	13,950
Building Repair & Maintenance	236	681	232	1,173	-	516	33,900	36,738
Equipment Repair & Maint. Contracts	207	1,462	771	419	124	1,007	1,227	5,217
Motor Vehicle Lease/Purchase	23,390	17,281	16,232	4,959	3,972	5,268	5,714	76,816
Motor Vehicle Expense	3,629	1,700	1,900	1,591	1,285	1,040	2,329	13,474
Motor Vehicle Repairs/Supplies	5,410	2,119	1,074	1,637	1,407	683	2,055	14,385
Motor Vehicle Insurance	1,812	1,269	1,269	1,646	1,244	1,646	2,769	11,655
Total Direct Expenses	433,908	470,981	372,320	455,402	230,206	365,988	436,130	2,764,936
Administrative Overhead	46,599	50,034	39,909	49,341	24,734	39,376	47,484	297,479
Total Expenses	480,508	521,015	412,229	504,743	254,940	405,364	483,615	3,062,414
SUPPORT AND REVENUE OVER / (UNDER) EXPENSES	\$ -	\$ -	\$ -	\$ (871)	\$ -	\$ -	\$ -	\$ 4,794
REQUEST FOR RETAINED REVENUE								\$ 5,664
UOS PROVIDED	1,091	1,460	1,351	645	365	951	779	
NET UNIT RATE	\$ 418	\$ 332	\$ 287	\$ 758	\$ 672	\$ 405	\$ 607	

(a) Request for Retained Revenue is for use in all On Our Own sites.

(b) Room & Board Revenue was overstated by \$871 at the time of final County billing submission.



**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Board of Directors and Officers
Resources for Human Development, Inc.

We have audited the consolidated financial statements of Resources for Human Development, Inc. and subsidiaries (the Organization) as of and for the year ended June 30, 2002, and have issued our report thereon dated January 17, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that in our judgement, could adversely affect the Organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the consolidated financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 02-1.

A material weakness is a condition in which the design of operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the consolidated financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management of the Organization in a separate letter dated January 17, 2003

This report is intended solely for the information and use of the Board of Directors, management and various federal and state funding agencies, pass-through entities, City of Philadelphia, and the Department of Public Health and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Shechtman, Marks, Reiss & Elskovitz, P.C.

Philadelphia, PA
January 17, 2003



**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors and Officers
Resources for Human Development, Inc.

Compliance

We have audited the compliance of Resources for Human Development, Inc. (the Organization) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2002. The Organization's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the City of Philadelphia Subrecipient Audit Guide. Those standards and OMB Circular A-133 and the City of Philadelphia Subrecipient Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and the City of Philadelphia Subrecipient Audit Guide.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the Organization's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 02-2 and 02-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Schedule of Expenditures of Federal, State and City Awards

We have audited the consolidated financial statements of Resources for Human Development, Inc. and subsidiaries as of and for the year ended June 30, 2002, and have issued our report thereon dated January 17, 2003. Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying schedule of expenditures of Federal, state and city awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the City of Philadelphia Subrecipient Audit Guide and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management and various Federal and state funding agencies, pass-through entities, City of Philadelphia, and the Department of Public Health and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Philadelphia, PA
January 17, 2003

Schechtman, Marks, Devor & Stekovitz, P.C.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2002

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2002 Expenditures</u>	<u>Questioned Costs</u>
Federal Financial Assistance					
<u>U.S. Department of Housing and Urban Development</u>					
AHAD	14.235	PA01B00-0006	07/01/01 - 06/30/02	376,053	-
Family House Now	14.235	PA01B90-9006	07/01/01 - 06/30/02	467,644	-
Supportive Housing - Womanspace	14.235	N/A	07/01/01 - 06/30/02	405,867	-
SALT	14.235	PA01B90-0017	07/01/01 - 06/30/02	253,292	-
Crossroads	14.235	PA01B90-9001	07/01/01 - 06/30/02	302,007	-
<u>Pass-through Philadelphia Office of Housing and Community Development</u>					
Families in Transition	14.218	02-20552	07/01/01 - 06/30/02	93,006	-
Families in Transition	14.239	02-20552	07/01/01 - 06/30/02	86,278	-
<u>Pass-through Philadelphia Office of Emergency Shelter Services</u>					
Ridge Shelter	14.235	01-20348	07/01/01 - 06/30/02	65,022	-
<u>Pass-through Louisiana</u>					
In Roads	14.235	LA48B00-3019	07/01/01 - 06/30/02	49,357	-
New Options	14.157	LA48B80-7016	07/01/01 - 06/30/02	87,789	-
Pathways SALT Program	14.235	LA48B00-3026	04/01/01 - 03/31/02	337,076	-
Shelter Plus Care	14.235	LA48B90-3025	07/01/01 - 06/30/02	45,628	-
Unity Homeless	14.235	LA48B90-3011	07/01/01 - 06/30/02	73,563	-
Unity Homeless	14.235	LA48B00-3011	07/01/01 - 06/30/02	95,077	-
Unity Homeless	14.235	LA48B00-3028	07/01/01 - 06/30/02	52,450	-
Voyage House	14.235	LA48B97-0201	07/01/01 - 06/30/02	547,657	-
Voyage House	14.235	LA48B00-3023	07/01/01 - 06/30/02	261,384	-

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2002

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2002 Expenditures</u>	<u>Questioned Costs</u>
Pass-through Lower Merion Department of Planning and Community Development					
Lower Merion Counseling Services	14.218	0-01-MC-42-0011	07/01/01 - 06/30/02	30,000	-
Pass-through Chester Economic Development Authority					
Chester Youthbuild	14.218	N/A	07/01/01 - 06/30/02	30,000	-
Pass-through Montgomery County Department of Housing and Community Development					
Family House	14.218	B-00-03-212	10/01/00 - 09/30/01	54,995	-
Family House	14.218	B-01-03-216	10/01/01 - 09/30/02	10,131	-
				<u>3,724,276</u>	
Total U.S. Department of Housing and Urban Development					
<u>U.S. Department of Health and Human Services</u>					
Abbottsford/Schuylkill Falls	93.927	5H1B CS 00047-11	09/01/00 - 08/31/01	609,735	-
Pass-through Carbon Monroe Pike Community Service (Oars Program)	93.958	N/A	07/01/01 - 06/30/02	173,964	-
Pass-through Louisiana Family House	93.230	1H79TI12730-01	10/01/01 - 09/30/02	127,280	-
Pass-through Florida Department of Children and Families Developmental Services Program					
Districts One, Two & Seven	93.667	MWA10	07/01/01 - 06/30/02	347,659	-

See notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2002

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2002 Expenditures</u>	<u>Questioned Costs</u>
Districts One, Two & Seven	93.671	MWA10	07/01/01 - 06/30/02	1,116,799	-
Districts One, Two & Seven	93.778	MWA10	07/01/01 - 06/30/02	572,432	-
Pass-through Pennsylvania Department of Public Welfare					
Rapid Attachment #1	93.558	ME01134089	11/01/00 - 10/31/01	116,472	-
Rapid Attachment #2	93.558	ME01134089	11/01/01 - 10/31/02	244,449	-
Pass-through Pennsylvania Department of Public Welfare/ Family Planning Council	93.667	23901	07/01/01 - 06/30/02	5,399	-
Pass-through Pennsylvania Department of Public Welfare/ Development Disabilities Planning Council					
Parents Exchange	93.630	91490022-1	01/01/01 - 12/31/02	20,114	-
Parents Resource	93.630	91490020-1	01/01/01 - 12/31/02	95,317	-
Pass-through Pennsylvania Department of Public Welfare/ Philadelphia Department of Public Health					
Office of Mental Health/Mental Retardation	93.778	99-20289	07/01/01 - 06/30/02	6,005,706	-
Office of Mental Health/Mental Retardation	93.778	99-20263-03	07/01/01 - 06/30/02	54,420	-
Office of Mental Health/Mental Retardation	93.667	99-20263-03	07/01/01 - 06/30/02	18,726	-
CODAAP - Endow - A - Home	93.959	99-20319-03	07/01/01 - 06/30/02	62,830	-
ACCO - HIV Prevention Project	93.940	01-20597	01/01/01 - 12/31/01	64,597	-
ACCO - HIV Prevention Project	93.940	02-20957	01/01/02 - 12/31/02	65,050	-
Lead Safe Babies	93.940	00-20645-02	07/01/01 - 06/30/02	17,684	-
Pass-through Pennsylvania Department of Public Welfare/ Various Counties					
Montgomery County - D&A	93.959	N/A	07/01/01 - 06/30/02	540,833	-
Montgomery County - MR	93.778	N/A	07/01/01 - 06/30/02	1,206,911	-

See notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2002

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2002 Expenditures</u>	<u>Questioned Costs</u>
Northampton County - MR	93.778	ME6300120207	07/01/01 - 06/30/02	1,515,749	-
Pass-through Pennsylvania Department of Health/ Various Counties					
Allegheny County - Community Passages	93.778	748-00-16	07/01/01 - 06/30/02	740,484	-
Chester County - Youthbuild	93.959	N/A	07/01/01 - 06/30/02	427,540	-
Pass-through Pennsylvania Department of Health/ Family Planning Council					
Abbottsford/Schuylkill Falls	93.994	23901	07/01/01 - 06/30/02	1,881	-
Pass-through Philadelphia Department of Human Services New Directions	93.658	02-20295-00	07/01/01 - 06/30/02	335,066	-
Pass-through Philadelphia Department of Human Services/ Family Planning Council					
Abbottsford/Schuylkill Falls	93.217	23901	07/01/01 - 06/30/02	7,791	-
Pass-through Philadelphia Workforce Development Corporation Work Opportunities	93.558	090-01-814-1	04/01/01 - 03/31/02	27,796	-
Total U.S. Department of Health and Human Services				14,522,684	
<u>U.S. Department of Agriculture</u>					
Pass-through Philadelphia Workforce Development Corporation Work Opportunities	10.561	090-01-811-1	04/01/01 - 03/31/02	8,107	-
Total U.S. Department of Agriculture				8,107	

See notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2002

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2002 Expenditures</u>	<u>Questioned Costs</u>
<u>U.S. Department of Education</u>					
Pass-through Pennsylvania Department of Public Welfare/ Philadelphia Department of Public Health Office of Mental Health/Mental Retardation	84.181	99-20263-03	07/01/01 - 06/30/02	96,210	-
Total U.S. Department of Education				96,210	
<u>U.S. Department of Justice</u>					
Pass-through Louisiana Louisiana Commission on Law Enforcement	16.575	C00-7-026	10/01/00 - 09/30/01	36,858	-
Louisiana Commission on Law Enforcement	16.575	C00-7-021	04/01/01 - 03/31/02	16,598	-
Pass-through Pennsylvania Department of Public Welfare/ Philadelphia Department of Public Health Office of Mental Health/Mental Retardation	16.579	99-20266	07/01/01 - 06/30/02	32,634	-
Total U.S. Department of Justice				86,090	
<u>U.S. Department of Labor</u>					
Pass-through Philadelphia Workforce Development Corporation Work Opportunities	17.255	A01-465	07/01/01 - 05/25/02	115,819	-
Pass-through Delaware County Chester ETA	17.255	094-015-004	02/01/01 - 06/15/02	117,724	-
Total U.S. Department of Labor				233,543	

See notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2002

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2002 Expenditures</u>	<u>Questioned Costs</u>
<u>U.S. Environmental Protection Agency</u>					
Regional Nursing Center Consortium	66.606	X-98330701-1	10/01/00 - 03/31/02	21,065	-
Regional Nursing Center Consortium	66.606	X-98336701-1	10/01/00 - 03/31/02	30,000	-
Regional Nursing Center Consortium	66.609	CH-98340001-1	10/01/00 - 03/31/02	65,000	-
Total U.S. Environmental Protection Agency				<u>116,065</u>	
Total Federal Financial Assistance				<u><u>18,786,975</u></u>	

See notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2002

Summary of Federal Financial Assistance by CFDA	
10.561- State Administrative Matching Grants for Food Stamp Program	8,107
14.157- Supportive Housing for the Elderly (Section 202)	87,789
14.218- Community Development Block Grants	218,132
14.235- Supportive Housing Program	3,332,077
14.239- HOME Investment Partnerships Program	86,278
16.575- Crime Victim Assistance	53,456
16.579- Byrne Formula Grant Program	32,634
17.255- Workforce Investment Act	233,543
66.606- Surveys, Studies, Investigations and Special Purpose Grants	51,065
66.609- Children's Health Protection	65,000
84.181- Special Education- Grants for Infants and Families with Disabilities	96,210
93.217- Family Planning - Services	7,791
93.230- Consolidated Knowledge Development and Application Program	127,280
93.558- Temporary Assistance for Needy Families	388,717
93.630- Developmental Disabilities Basic Support and Advocacy Grants	115,431
93.658- Foster Care - Title IV-E	335,066
93.667- Social Services Block Grant	371,784
93.671- Family Violence Prevention and Services/Grants for Battered Women's Shelters	1,116,799
93.778- Medical Assistance Program	10,095,702
93.927- Health Center Grants for Residents of Public Housing	609,735
93.940- HIV Prevention Activities: Health Department Based	147,331
93.958- Block Grants for Community Mental Health Services	173,964
93.959- Block Grants for Prevention and Treatment of Substance Abuse	1,031,203
93.994- Maternal and Child Health Services Block Grant to the States	1,881
	<u>18,786,975</u>

See notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2002

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2002 Expenditures</u>	<u>Questioned Costs</u>
State/County Financial Assistance					
<u>Connecticut</u>					
Residential & Day Program	N/A	04-000-578	07/01/01 - 06/30/02	2,511,256	-
Total Connecticut				2,511,256	
<u>Delaware</u>					
Wilmington NOW	N/A	10271	07/01/01 - 06/30/02	107,502	-
Total Delaware				107,502	
<u>Florida</u>					
Department of Children and Family	N/A	MWA10	07/01/01 - 06/30/02	2,581,829	-
Total Florida				2,581,829	
<u>Louisiana</u>					
Family House - Louisiana	N/A	320	04/01/01 - 03/31/02	462,201	-
Mobile Crisis Act	N/A	290	07/01/01 - 06/30/02	618,973	-
Project Outreach	N/A	485	07/01/01 - 06/30/02	22,124	-
Family House Tanf	N/A	319	07/01/01 - 06/30/02	196,350	-
Pathway of Louisiana	N/A	357	04/01/01 - 03/31/02	102,393	-
Specialized Family	N/A	288	07/01/01 - 06/30/02	127,598	-
Total Louisiana				1,529,639	

See notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2002

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2002 Expenditures</u>	<u>Questioned Costs</u>
<u>Massachusetts</u>					
Department of Mental Retardation					
Axis - Residential Services	N/A	Various	07/01/01 - 06/30/02	3,975,922	-
Axis - Supported Employment	N/A	26002600345	07/01/01 - 06/30/02	5,000	-
Axis - Individual Supports	N/A	Various	07/01/01 - 06/30/02	34,473	-
Axis - Family Support Services	N/A	26002600364	07/01/01 - 06/30/02	45,200	-
Axis-Outside the Lines Studio	N/A	Various	07/01/01 - 06/30/02	379,971	-
Axis-Urban Youth Collaborative	N/A	26001600364	07/01/01 - 06/30/02	47,373	-
				<u>4,487,939</u>	
Department of Education					
Residential Services	N/A	52002005050	07/01/01 - 06/30/02	210,483	-
				<u>210,483</u>	
Total Massachusetts				<u>4,698,422</u>	
<u>New Jersey</u>					
Challenges	N/A	01DX2S	07/01/01 - 06/30/02	1,201,790	-
				<u>1,201,790</u>	
Total New Jersey				<u>1,201,790</u>	
<u>Pennsylvania</u>					
Pennsylvania Department of Corrections					
Stonebridge	N/A	362536	07/01/01 - 06/30/02	133,122	-
				<u>133,122</u>	

See notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2002

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2002 Expenditures</u>	<u>Questioned Costs</u>
Pass-through Philadelphia Department of Human Services					
New Directions	N/A	02-20545	07/01/01 - 06/30/02	158,718	-
New Directions	N/A	02-20295	07/01/01 - 06/30/02	476,539	-
				<u>635,257</u>	
Pennsylvania Department of Public Health					
Abbottsford/Schuylkill Falls	N/A	ME01461	07/01/01 - 06/30/02	89,391	-
Abbottsford/Schuylkill Falls	N/A	ME01568	07/01/01 - 06/30/02	89,391	-
Cancer Controls	N/A	ME00188	07/01/01 - 06/30/02	10,500	-
Community Connection	N/A	ME11134058	07/01/01 - 06/30/02	15,511	-
Community Connection	N/A	ME11134009	07/01/01 - 06/30/02	273,004	-
				<u>477,797</u>	
Pennsylvania Department of Public Welfare					
New Start	N/A	ACT 152	07/01/01 - 06/30/02	320,139	-
Womanspace	N/A	ACT 152	07/01/01 - 06/30/02	64,944	-
				<u>385,083</u>	
Pass-through Family Planning Council					
Abbottsford/Schuylkill Falls	N/A	St 133	07/01/01 - 06/30/02	1,790	-
Abbottsford/Schuylkill Falls	N/A	St 155	07/01/01 - 06/30/02	6,098	-
				<u>7,888</u>	
Pass-through Philadelphia Department of Public Health					
Office of Mental Health/Mental Retardation	N/A	99-20289	07/01/01 - 06/30/02	5,155,229	-

See notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2002

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2002 Expenditures</u>	<u>Questioned Costs</u>
Office of Mental Health/Mental Retardation	N/A	99-20263-03	07/01/01 - 06/30/02	257,485	-
Office of Mental Health/Mental Retardation	N/A	99-20266	07/01/01 - 06/30/02	13,278,382	-
CODAAP - AHAD	N/A	99-20319-03	07/01/01 - 06/30/02	103,000	-
				<u>18,794,096</u>	
Pass-through Philadelphia Office of Emergency Shelter Services					
Ridge Shelter & Phoenix Case Management	N/A	00-20256	07/01/01 - 06/30/02	759,422	-
Total Pass-through Philadelphia Office of Emergency Shelter Services				<u>759,422</u>	
Pass-through Philadelphia Workforce Development					
Work Opportunities	N/A	S02-634	07/01/01 - 06/30/02	53,028	-
				<u>53,028</u>	
Pass-through School District of Philadelphia					
New Directions	N/A	176/F02	07/01/01 - 06/30/02	265,219	-
New Directions	N/A	262/F01	07/01/01 - 06/30/02	32,896	-
				<u>298,115</u>	
Pass-through various counties					
Allegheny County - Community Passages	N/A	748-00-16	07/01/01 - 06/30/02	776,793	-
Bucks County Drug & Alcohol - Womanspace	N/A		07/01/01 - 06/30/02	1,284	-
Carbon, Monroe, Pike - MH/MR	N/A		07/01/01 - 06/30/02	769,082	-
Chester County D&A - Womanspace	N/A	BHSI	07/01/01 - 06/30/02	4,387	-
Chester County D&A - Womanspace	N/A	ACT 152	07/01/01 - 06/30/02	7,811	-
Delaware County - MH/MR	N/A	A-192/01	07/01/01 - 06/30/02	29,066	-

See notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2002

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2002 Expenditures</u>	<u>Questioned Costs</u>
Delaware County - MH/MR	N/A	A-35	07/01/01 - 06/30/02	1,926	-
Lehigh County - LVACT	N/A	99-MHMR-261	07/01/01 - 06/30/02	1,022,157	-
Montgomery County - D&A	N/A		07/01/01 - 06/30/02	703,050	-
Montgomery County - D&A	N/A		07/01/01 - 06/30/02	45,792	-
Montgomery County - MH	N/A		07/01/01 - 06/30/02	4,626,878	-
Montgomery County - MH	N/A		07/01/01 - 06/30/02	23,080	-
Montgomery County - MR	N/A		07/01/01 - 06/30/02	1,623,789	-
Montgomery County - MR	N/A		07/01/01 - 06/30/02	4,555	-
Montgomery County - PPI	N/A		07/01/01 - 06/30/02	190,385	-
Northampton County	N/A	ME6300120207	07/01/01 - 06/30/02	2,641,613	-
York/Adams County - Womanspace	N/A	ACT 152	07/01/01 - 06/30/02	8,667	-
				<u>12,480,315</u>	
				<u>32,777,947</u>	
				<u>34,024,123</u>	
				<u>46,654,561</u>	
City Financial Assistance					
Philadelphia Department of Public Health					
Office of Mental Health/Mental Retardation	N/A	99-20266	07/01/01 - 06/30/02	2,261,620	-
Office of Mental Health/Mental Retardation	N/A	99-20263-03	07/01/01 - 06/30/02	36,311	-
CODAAP - New Start I & II	N/A	99-20319-03	07/01/01 - 06/30/02	52,000	-
				<u>2,349,931</u>	

See notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2002

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Number</u>	<u>Grant Period</u>	<u>2002 Expenditures</u>	<u>Questioned Costs</u>
Office of Emergency Shelter Services Ridge Shelter	N/A	00-20256	07/01/00 - 06/30/01	1,653,620	-
				<u>1,653,620</u>	
Department of Human Services New Directions - Academy	N/A	176/F02	07/01/01 - 06/30/02	265,219	-
New Directions	N/A	02-20545	07/01/01 - 06/30/02	39,679	-
New Directions	N/A	02-20295	07/01/01 - 06/30/02	119,135	-
				<u>424,033</u>	
Office of Housing and Community Development Families in Transition	N/A	02-20552	07/01/01 - 06/30/02	115,543	-
				<u>115,543</u>	
Total City Financial Assistance				<u><u>4,543,127</u></u>	
Total Federal, State And City Financial Assistance				<u><u>69,984,663</u></u>	

See notes to schedule of expenditures of Federal, state and city awards.

RESOURCES FOR HUMAN DEVELOPMENT, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2002

1. General information

The accompanying schedule of expenditures of Federal, state and city awards presents activities in all Federal, state and city award programs of Resources for Human Development, Inc. All financial assistance received directly from Federal agencies, as well as financial assistance passed through other governmental agencies or not-for-profit organizations, is included on the schedule.

2. Basis of accounting

The accompanying schedule of expenditures of Federal, state and city awards is presented using the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to funding agencies because those reports may be submitted on either a cash or modified cash basis of accounting.

3. Relationship to basic consolidated financial statements

Federal, state and city award expenditures are reported on the statement of functional expenditures as program costs. However, expenditures in the schedule of expenditures of Federal, state and city awards for certain programs which have incurred deficits have been limited to the related contracted amount. In addition, for certain programs, the expenditures reported in the basic consolidated financial statements may differ from the expenditures reported in the schedule of expenditures of Federal, state and city awards due to program expenditures exceeding grant or contract budget limitations which are not included as Federal, state and city financial assistance.

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2002**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u>	yes	<u> x </u>	no
Reportable condition(s) identified				
not considered to be material weakness(es)?	<u> x </u>	yes	<u> </u>	none
reported				

Noncompliance material to financial statements noted?	<u> </u>	yes	<u> x </u>	no
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u>	yes	<u> x </u>	no
Reportable condition(s) identified				
not considered to be material weakness(es)?	<u> x </u>	yes	<u> </u>	none
reported				

Type of auditor's report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u> x </u>	yes	<u> </u>	no
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Qualification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.778	Medical Assistance Program
93.658	Foster Care Title IV-E
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 544,822

Auditee qualified as low-risk auditee	<u> x </u>	yes	<u> </u>	no
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RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2002

Section II - Financial Statement Findings

02-1 Payroll

Condition: The number of total hours worked per day on employee time sheets were not computed correctly in a number of instances. This condition was also a finding in the prior year audit.

Criteria: The Organization requires all unit directors to re-compute and approve employee time sheets prior to submission to the payroll department for processing.

Effect: Because employee time sheets are not consistently re-computed accurately before payrolls are processed, inaccuracies and possible disallowed payroll costs may occur.

Cause of condition: Procedures are in place for supervisory personnel to re-compute all time sheets. Apparently, this procedure is not applied consistently.

Recommendation: The Organization needs to ensure that this procedure is followed consistently by all units. Periodic inspections of time sheets and time summaries should be made through the internal audit function to confirm that there is adherence to the procedure.

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2002**

Section III - Federal Awards and Questioned Costs

DEPARTMENT OF HEALTH AND HUMAN SERVICES

02-2 Medical Assistance Program – CFDA No. 93.778 - Year ended June 30, 2002

Reportable condition: The reportable condition at Finding 02-1 also applies to this program.

02-3 Foster Care Title IV-E- CFDA No. 93.658 - Year ended June 30, 2002.

Reportable condition: The reportable condition at Finding 02-1 also applies to this program.



RESOURCES
FOR
HUMAN DEVELOPMENT, INC.

January 17, 2003

Department of Health and Human Services

Resources for Human Development, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2002.

Name and address of independent accounting firm: Shechtman, Marks, Devor & Etskovitz, P.C. - 2000 Market Street - Suite 500 - Philadelphia, Pa. 19103

Audit period: Year ended June 30, 2002.

The findings from the June 30, 2002 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings - Financial Statement Audit

Reportable Conditions

02-1 Payroll

Recommendation: The Organization needs to ensure that there is consistent compliance with it's procedure requiring supervisory personnel to recompute the total number of hours worked per day on employee time sheets prior to submission to the payroll department on a consistent basis by all units. Periodic inspection of time sheets and time summaries should be made through the internal audit function to confirm that there is adherence to the procedure.

Action Taken: We concur with the recommendation. Our internal auditors will continue their audits throughout the current fiscal year.

Findings - Federal Award Programs Audits

Department of Health and Human Services

02-2 Medical Assistance Program - CFDA No. 93.778

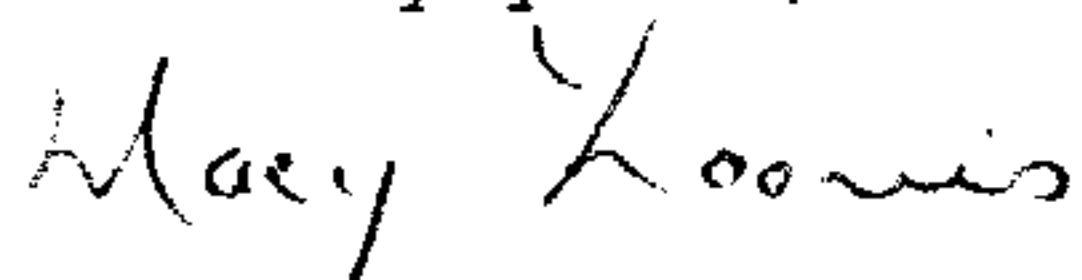
Reportable Condition: See Finding 02-1.

02-3 Foster Care Title IV-E - CFDA No. 93.658

Reportable Condition: See Finding 02-1.

If the Department of Health and Human Services has any questions regarding this plan, please call Mary Loomis, Chief Financial Officer at 215-951-0300.

Sincerely yours,

A handwritten signature in cursive script that reads "Mary Loomis".

Mary Loomis
Chief Financial Officer

**RESOURCES FOR HUMAN DEVELOPMENT, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDING
YEAR ENDED JUNE 30, 2002**

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding 01-2 Medical Assistance Program - CFDA No. 93.778

Condition: This finding was a reportable condition stating that the number of total hours worked per day on employee time sheets were not computed correctly in a number of instances.

Recommendation: The auditor recommended that the Organization monitor the procedure that supervisory personnel recompute all time sheets. In addition, periodic inspections of time sheets and time summaries should be made through the internal audit function.

Current status: The Organization's internal auditors continue to inspect time sheets and time summaries for accuracy. Any errors found are corrected and additional training with individual reviewing timesheets is completed.

Finding 01-3 Family Violence Prevention and Service - CFDA No. 93.671

Condition: This finding was a reportable condition stating that the number of total hours worked per day on employee time sheets were not computed correctly in a number of instances.

Recommendation: The auditor recommended that the Organization monitor the procedure that supervisory personnel recompute all time sheets. In addition, periodic inspections of time sheets and time summaries should be made through the internal audit function.

Current status: The Organization's internal auditors continue to inspect time sheets and time summaries for accuracy. Any errors found are corrected and additional training with individual reviewing timesheets is completed.



**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COST ALLOCATION PLAN**

Board of Directors and Officers
Resources for Human Development, Inc.

We have audited the consolidated financial statements of Resources for Human Development, Inc. and subsidiaries (the Organization) as of and for the year ended June 30, 2002, and have issued our report thereon dated January 17, 2003.

As part of our audit, we audited the method used by the Organization to allocate indirect costs as reflected in the City of Philadelphia, Department of Public Health, Office of Mental Health and Mental Retardation program activity invoice summary as required by the Commonwealth of Pennsylvania, Department of Public Welfare, Section 4300.94 of the Title 4300 Regulations.

The Commonwealth of Pennsylvania, Department of Public Welfare, Section 4300.94 of the Title 4300 Regulations states that "the overall objective of the allocation process is to distribute the indirect costs of the agency to its various services or cost categories in reasonable proportion with the benefits provided to these services or cost categories." The regulations require that the method used "shall result in a fair and equitable distribution of costs and shall be in direct relation to actual benefits accruing to the services to which costs are charged".

The method of allocating costs for the year ended June 30, 2002 was based on various formulas which allocate costs depending on the nature of the individual costs.

In our opinion, the cost allocation plan of the Organization results in a distribution of indirect costs, as reflected in the City of Philadelphia, Department of Public Health, Office of Mental Health and Mental Retardation program activity invoice summary for the year ended June 30, 2002 in accordance with Section 4300.94 of the Title 4300 Regulations issued by the Commonwealth of Pennsylvania, Department of Public Welfare.

This report is intended solely for the information and use of the Board of Directors, management and the City of Philadelphia, Department of Public Health and is not intended to be and should not be used by anyone other than these specified parties.

Shechtman, Marks, Devor & Etskovitz, P.C.

Philadelphia, PA
January 17, 2003



**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COST
ALLOCATION PLAN FOR THE UPCOMING BUDGET YEAR**

Board of Directors and Officers
Resources for Human Development, Inc.

At your request we have performed the procedures enumerated below with respect to the administrative costs distribution included in the Line Item Budget for the year ending June 30, 2003 submitted by Resources for Human Development, Inc. ("the Organization") to the City of Philadelphia, Department of Health. Our review was made solely to assist you in your filing requirements with the City of Philadelphia, Department of Public Health.

The procedures we performed are summarized as follows:

- a. We reviewed a schedule contained within the 2003 Line Item Budget which reflected the allocation factors utilized in distributing administrative costs.
- b. We confirmed our understanding of the method of allocating administrative costs through a review of supporting work papers and by discussions with management responsible for allocation factors.
- c. We compared the Organization's method of allocating costs to those requirements as specified in Section 4300.94 of the Title 4300 Regulations Related Methods for Allocating Indirect Costs in order to determine whether the cost allocation is in compliance with those regulations.
- d. We compared the allocation methods used between the current fiscal year and prior fiscal year to determine consistency between years. The cost allocation method is based on various formulas which allocate costs depending on the nature of the individual costs.

The Commonwealth of Pennsylvania, Department of Public Welfare, Section 4300.94 of Title 4300 Regulations state "The overall objective of the allocation process is to distribute the indirect costs of the Agency to its various services or cost categories in reasonable proportion with the benefits provided to these services or cost categories." The Regulations require that the method used result in a fair and equitable distribution of costs which shall be in direct relation to actual benefits accruing to the services to which costs are charged.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on the amount of administrative costs distributed to the City nor on any other amounts contained within the June 30, 2003 budget submitted to the City of Philadelphia, Department of Public Health. Had we performed additional procedures or had we conducted an audit in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Organization taken as a whole.

Shechtman, Marks, Davis & Ettkovitz, P.C.

Philadelphia, PA
January 17, 2003



**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors and Officers
Resources for Human Development, Inc.

We have performed the procedures enumerated below, which are agreed to by the Allegheny County Department of Human Services, the Commonwealth of Pennsylvania, Department of Public Welfare (DPW) and Resources for Human Development, Inc. ("the Organization") solely to assist you with respect to the supplemental schedules and exhibits required by this agreement. This engagement to apply Agreed-Upon Procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Allegheny County Department of Human Services and DPW. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- a. We have verified by comparison the amounts and classifications that the supplemental financial schedules and/or exhibits listed below which, summarize amounts reported to DPW for fiscal year ended June 30, 2002 have been accurately compiled and reflect the audited books and records of the Organization. We have also verified by comparison to the example schedules that these schedules are presented, at a minimum, at the level of detail and in the format required by the Allegheny County Department of Human Services and DPW Single Audit Supplement pertaining to this period.

<u>Program Name</u>	<u>Number</u>	<u>Referenced Schedules</u>
Allegheny County Awards	44748	Statement of Administrative Costs
Mental Retardation	44748	Schedule of Funding Sources
	44748	Schedule of Functional Expenditures
	44748	Schedule of Units of Service

- b. We have inquired of management regarding adjustments to reported revenues or expenditures, which were not reflected on the reports, submitted to Allegheny County Human Services Department and DPW for the period in question.
- c. The processes detailed in paragraphs (a) and (b) above disclosed no adjustments and/or findings which have been reflected on the corresponding schedules.

We were not engaged to, and did not perform, an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items. Accordingly, we do not express such an opinion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Board of Directors, Management, Allegheny County Department of Human Services and the Department of Public Welfare and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Shechtman, Marks, Devor & Etakovitz, P.C.

Philadelphia, Pennsylvania
January 17, 2003

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF FUNCTIONAL EXPENDITURES, REVENUES, CONTRACT AMOUNTS
RELATING TO GRANTS FROM ALLEGHENY COUNTY DHS PROGRAMS
ALL PROGRAMS SUMMARY
YEAR ENDED JUNE 30, 2002

	Mental Retardation & Title XIX	Total
<u>Expenditures</u>		
Personnel Expenses	\$ 1,090,274	\$ 1,090,274
Administrative Costs	202,306	202,306
Operating Expenses	264,957	264,957
Purchased Treatment	5,370	5,370
Fixed Assets	8,495	8,495
Total Expenditures	<u>1,571,402</u>	<u>1,571,402</u>
Ineligible Expenses	<u>-</u>	<u>-</u>
Gross Eligible Expenses	<u>1,571,402</u>	<u>1,571,402</u>
<u>Revenue and Income</u>		
Room and Board	<u>43,667</u>	<u>43,667</u>
Total Revenue and Income	<u>43,667</u>	<u>43,667</u>
Net Eligible Expenditures	<u>1,527,735</u>	<u>1,527,735</u>
Retained Revenue	<u>-</u>	<u>-</u>
Total Reimbursable Expenditures	<u>1,527,735</u>	<u>1,527,735</u>
Allegheny County Contract Amount	<u>1,531,376</u>	<u>1,531,376</u>
Surplus (Deficit) of Contract Amount	-	
Over Total Reimbursable Expenditures	<u><u>\$ 3,641</u></u>	<u><u>\$ 3,641</u></u>

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF FUNCTIONAL EXPENDITURES, REVENUES, CONTRACT AMOUNTS
RELATING TO GRANTS FROM ALLEGHENY COUNTY DHS PROGRAMS
MENTAL RETARDATION & TITLE XIX PROGRAMS
CONTRACT #44748
YEAR ENDED JUNE 30, 2002

	<u>Mental Retardation</u>	<u>Title XIX</u>	<u>TOTAL</u>
<u>Expenditures</u>			
Personnel Expenses	\$ -	\$ 1,090,274	\$ 1,090,274
Administrative Costs	9,536	192,770	202,306
Operating Expenses	62,281	202,676	264,957
Purchased Treatment	-	5,370	5,370
Fixed Assets	1,297	7,198	8,495
Total Expenditures	<u>73,114</u>	<u>1,498,288</u>	<u>1,571,402</u>
Ineligible Expenditures	-	-	-
Gross Eligible Expenditures	<u>73,114</u>	<u>1,498,288</u>	<u>1,571,402</u>
<u>Revenue and Income</u>			
Room and Board	<u>13,705</u>	<u>29,962</u>	<u>43,667</u>
Total Revenue and Income	<u>13,705</u>	<u>29,962</u>	<u>43,667</u>
Net Eligible Expenditures	<u>59,409</u>	<u>1,468,326</u>	<u>1,527,735</u>
Retained Revenue	-	-	-
Total Reimbursable Expenditures	<u>59,409</u>	<u>1,468,326</u>	<u>1,527,735</u>
Allegheny County Contract Amount	<u>59,409</u>	<u>1,471,967</u>	<u>1,531,376</u>
Surplus (Deficit) of Contract Amount			
Over Total Reimbursable Expenditures	<u>\$ -</u>	<u>\$ 3,641</u>	<u>\$ 3,641</u>

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF FUNCTIONAL EXPENDITURES, REVENUES, CONTRACT AMOUNTS
RELATING TO GRANTS FROM ALLEGHENY COUNTY DHS PROGRAMS
MENTAL RETARDATION PROGRAMS
CONTRACT #44748
YEAR ENDED JUNE 30, 2002

	Residential Services	Total
<u>Expenditures</u>		
Administrative Costs	\$ 9,536	\$ 9,536
Operating Expenses	62,281	62,281
Fixed Assets	1,297	1,297
Total Expenditures	73,114	73,114
Ineligible Expenditures	-	-
Gross Eligible Expenditures	73,114	73,114
<u>Revenue and Income</u>		
Room and Board	13,705	13,705
Total Revenue and Income	13,705	13,705
Net Eligible Expenditures	59,409	59,409
Retained Revenue	-	-
Total Reimbursable Expenditures	59,409	59,409
Allegheny County Contract Amount	59,409	59,409
Surplus (Deficit) of Contract Amount		
Over Total Reimbursable Expenditures	\$ -	\$ -

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF FUNCTIONAL EXPENDITURES, REVENUES, CONTRACT AMOUNTS
RELATING TO GRANTS FROM ALLEGHENY COUNTY DHS PROGRAMS
TITLE XIX PROGRAMS
CONTRACT #44748
YEAR ENDED JUNE 30, 2002

Subtotals of Residential

	<u>Residential</u>	<u>Total</u>
<u>Expenditures</u>		
Personnel Expenses	\$ 1,090,274	\$ 1,090,274
Administrative Costs	192,770	192,770
Operating Expenses	202,676	202,676
Purchased Treatment	5,370	5,370
Fixed Assets	7,198	7,198
Total Expenditures	<u>1,498,288</u>	<u>1,498,288</u>
	-	-
Gross Eligible Expenditures	<u>1,498,288</u>	<u>1,498,288</u>
<u>Revenue and Income</u>		
Room and Board	<u>29,962</u>	<u>29,962</u>
Total Revenue and Income	29,962	29,962
Net Eligible Expenditures	1,468,326	1,468,326
Retained Revenue		
Total Reimbursable Expenditures	<u>1,468,326</u>	<u>1,468,326</u>
Allegheny County Contract Amount	<u>1,471,967</u>	<u>1,471,967</u>
Surplus (Deficit) of Contract Amount		
Over Total Reimbursable Expenditures	<u><u>\$ 3,641</u></u>	<u><u>\$ 3,641</u></u>

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF FUNCTIONAL EXPENDITURES, REVENUES, CONTRACT AMOUNTS
RELATING TO GRANTS FROM ALLEGHENY COUNTY DHS PROGRAMS
TITLE XIX PROGRAMS
CONTRACT #44748
YEAR ENDED JUNE 30, 2002

	Residential - Eligible						Recruitment &	Total Eligible
	Maintenance	St Ctr 99/00	St Ctr 00/01	St Ctr 01/02	Res Init 00/01	Res Init 01/02	Retention	
<u>Expenditures</u>								
Personnel Expenses	\$ 374,118	\$ 173,525	\$ 357,295	\$ 5,844	\$ 151,313	\$ 12,095	\$ 16,084	\$ 1,090,274
Administrative Costs	59,879	28,160	57,691	958	24,187	1,284		172,159
Operating Expenses	19,881	14,211	27,138	541	9,936	758		72,465
Purchased Treatment	5,195	-	175	-	-	-	-	5,370
Fixed Assets	-	-	-	-	-	-	-	-
Total Expenditures	459,073	215,896	442,299	7,343	185,436	14,137	16,084	1,340,268
Gross Eligible Expenditures	459,073	215,896	442,299	7,343	185,436	14,137	16,084	1,340,268
<u>Revenue and Income</u>								
Room and Board	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-
Other (specify)	-	-	-	-	-	-	-	-
Total Revenue and Income	-	-	-	-	-	-	-	-
Net Eligible Expenditures	459,073	215,896	442,299	7,343	185,436	14,137	16,084	1,340,268
Retained Revenue	-	-	-	-	-	-	-	-
Total Reimbursable Expenditures	459,073	215,896	442,299	7,343	185,436	14,137	16,084	1,340,268
Allegheny County Contract Amount	448,614	215,896	442,299	7,343	185,436	14,137	30,184	1,343,909
Surplus (Deficit) of Contract Amount	\$ (10,459)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,100	\$ 3,641
Over Total Reimbursable Expenditures								

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF FUNCTIONAL EXPENDITURES, REVENUES, CONTRACT AMOUNTS
RELATING TO GRANTS FROM ALLEGHENY COUNTY DHS PROGRAMS (CONTINUED)
TITLE XIX PROGRAMS
CONTRACT #44748
YEAR ENDED JUNE 30, 2002

Residential - Ineligible

	St Ctr 99/00	St Ctr 00/01	St Ctr 01/02	Res Init 00/01	Res Init 01/02	Total Ineligible	GRAND TOTAL
Expenditures							
Personnel Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,090,274
Administrative Costs	3,975	14,005	316	1,847	468	20,611	192,770
Operating Expenses	22,560	92,610	1,762	10,271	3,008	130,211	202,676
Purchased Treatment	0	-	-	-	-	-	5,370
Fixed Assets	3,941	757	348	2,039	113	7,198	7,198
Total Expenditures	30,476	107,372	2,426	14,157	3,589	154,431	1,494,699
Gross Eligible Expenditures	30,476	107,372	2,426	14,157	3,589	154,431	1,494,699
Revenue and Income							
Room and Board	10,180	18,200	-	1,582	-	29,962	29,962
Interest Income	-	-	-	-	-	-	-
Other (specify)	-	-	-	-	-	-	-
Total Revenue and Income	10,180	18,200	-	1,582	-	29,962	-
Net Eligible Expenditures	20,296	89,172	2,426	12,575	3,589	128,058	1,468,326
Retained Revenue	-	-	-	-	-	-	-
Total Reimbursable Expenditures	20,296	89,172	2,426	12,575	3,589	128,058	19,673
Allegheny County Contract Amount	20,296	89,172	2,426	12,575	3,589	128,058	1,471,967
Surplus (Deficit) of Contract Amount	-	-	-	-	-	-	-
Over Total Reimbursable Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,641

RESOURCES FOR HUMAN DEVELOPMENT, INC.
SCHEDULE OF ADMINISTRATIVE COST - ALLEGHENY COUNTY DHS
YEAR ENDED JUNE 30, 2002

Personnel Services	<u>Amount</u>
Wages & Salaries	\$ 128,041
Employee Benefits	<u>36,291</u>
Total Personnel Services	164,332
 Operating Expenses	
Occupancy	20,690
Communications	2,837
Administrative Supplies	7,704
Administrative Staff Travel	<u>6,743</u>
Total Operating Expenses	37,974
 Gross Administratives Costs	 <u>202,306</u>
 Net Eligible Administrative Costs	 <u><u>\$ 202,306</u></u>
 Distribution of Costs	
MR/DD - Mental Retardation	\$ 9,536
MR/DD - Title XIX	<u>192,770</u>
 Total Administrative Costs for all Programs	 <u><u>\$ 202,306</u></u>

RESOURCES FOR HUMAN DEVELOPMENT
SCHEDULE OF FUNDING SOURCES RELATED TO GRANTS
FROM ALLEGHENY COUNTY DHS PROGRAMS
MENTAL RETARDATION
CONTRACT #44748
YEAR ENDED JUNE 30, 2002

<u>Funding Sources</u>	<u>Amount</u>
Federal funds: CFDA #93.778	\$ 740,484
State funds:	776,793
	<hr/>
Allegheny County Contract Amount	\$ <u><u>1,517,277</u></u>

RESOURCES FOR HUMAN DEVELOPMENT, INC.
ALLEGHENY COUNTY DHS
SCHEDULE OF UNITS OF SERVICE
MENTAL RETARDATION
CONTRACT #44748
YEAR ENDED JUNE 30, 2002

	Actual Units of Service	Gross Eligible Expenditures	Actual Rate	Contract / Billing Rate	Variance Over (Under)	% Variance
Residential Services	896	\$ <u>73,114</u>	\$82	\$86	(\$4)	-5%
GROSS ELIGIBLE EXPENDITURES \$		<u><u>73,114</u></u>				

**RESOURCES FOR HUMAN DEVELOPMENT
ALLEGHENY COUNTY DHS
SCHEDULE OF UNITS OF SERVICE
TITLE XIX
CONTRACT #44748
YEAR ENDED JUNE 30, 2002**

	Actual Units of Service	Gross Expenditures	Actual Rate	Contract / Billing Rate	Variance Over (Under)	% Variance
<u>Residential Eligible</u>						
Maintenance	896	\$ 459,073	\$ 512	\$ 527	\$ (15)	-3%
St Ctr 99/00	818	215,896	264	278	(14)	-5%
St Ctr 00/01	1,443	442,299	307	323	(16)	-5%
St Ctr 01/02	2	7,343	3,672	3,865	(194)	-5%
Res Init 00/01	489	185,436	379	399	(20)	-5%
Res Init 01/02	32	14,137	442	465	(23)	-5%
Direct Care Init	365	16,084	44	87	(43)	-49%
<u>Residential Ineligible</u>						
St Ctr 99/00	818	30,476	37	39	(2)	-4%
St Ctr 00/01	1,443	107,372	74	78	(4)	-5%
St Ctr 01/02	2	2,426	1,213	1,277	(64)	-5%
Res Init 00/01	489	14,157	29	30	(1)	-3%
Res Init 01/02	32	3,589	112	118	(6)	-5%
Total Residential		<u>1,498,288</u>				

GROSS ELIGIBLE EXPENDITURES \$1,498,288

**MEMORANDUM OF ADVISORY COMMENTS
RESOURCES FOR HUMAN DEVELOPMENT, INC.**

June 30, 2002



**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS



**SHECHTMAN, MARKS, DEVOR
& ETSKOVITZ, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

January 5, 2003

Board of Directors
Resources for Human Development

In connection with our audit of the consolidated financial statements for Resources for Human Development, Inc. and Subsidiaries (RHD) as of June 30, 2002, we issued two reports, which addressed internal controls. The reports are *Report of independent certified public accountants on compliance and on internal control over financial reporting based on an audit of financial statements in accordance with Government Auditing Standards* and *Report of independent certified public accountants on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133*. In addition, we noted certain matters that we believe you should consider. Our observations were formed as a by-product of our auditing procedures, which did not include a comprehensive review for the purpose of submitting detailed recommendations.

The following summarizes our comments and suggestions.

Comments for June 30, 2002

Accounting for Disposal of Fixed Assets

It has been the policy of RHD to charge one-half of its annual depreciation to the year in which the assets were acquired and one half year in the year of disposal. In our audit, we learned that RHD was not charging depreciation in the year in which the property and/or equipment was disposed. In its accounting for assets financed under capital leases, RHD charges one half year's depreciation in the year of disposal.

Failure to record a half year's depreciation in the year of disposition reflects two issues. One is an understatement of depreciation expense in the year the asset was disposed. The second issue is the inconsistent application of depreciation policy. Consistent application of accounting policies is a major component of a strong internal control system within an organization.

It is our recommendation that RHD apply its policy on a basis consistent with prior acquisitions and disposals, that is to charge one half year's annual depreciation in the year of acquisition and one-half in the year of disposal.

Accounting for Fixed Assets Under Capital Leases

Assets acquired under capital leases are not included in the fixed asset program. Accordingly, depreciation of these assets is not calculated by the system, and instead is calculated manually.

There is no difference in the types of assets that are acquired under capital leases. Capitalized leases are just a different way to finance the acquisition of fixed assets. In our opinion, control over the assets capitalized and the related depreciation will be improved, by utilizing the capabilities of the fixed asset accounting system. By manually calculating the depreciation on every asset recorded as a capitalized lease, the chance for a calculation error is increased and the time to perform the calculation is also increased.

We recommend that all fixed assets be included in the fixed asset depreciation system. In order to distinguish between assets financed under capital leases and fixed assets acquired under the traditional method of purchase with cash or debt, we suggest setting up a separate category within the system.

Signatures Required for Large Expenditures

The policy at RHD is to require two signatures on all checks in excess of \$5,000. During the course of our audit, we observed a check in excess of \$5,000 that was originated and endorsed for deposit to RHD by the same person. There was only one signature on the check, although it was not the signature of the person who wrote the check.

We are confident that nothing improper actually occurred in the transaction we reviewed. (It was a transfer of funds between bank accounts). However, it did highlight the fact that the possibility of such an occurrence does exist. We strongly recommend that the cash controls be enforced, and that two authorized signers sign all checks over \$5,000. Cash is the most highly liquid, easiest asset of RHD to misappropriate, if someone set his or her mind out to do so. Through the strong internal controls of RHD, there should be adequate deterrents to prevent such an occurrence. The controls can only work if they are enforced and adhered to by everyone associated with such transactions.

Timely Filing of Louisiana Audit Report

The State of Louisiana requires audit reports to be submitted within six months of the end of an organization's fiscal year end. In the case of RHD, that filing deadline is December 31, 2002. Failure to file the audit reports by that date is considered by the State of Louisiana a material instance of noncompliance.

Although Louisiana considers the filing of the audit report later than six months after an organization's year-end to be a reportable condition, most other agencies that fund RHD do not. Accordingly, we are not reporting this event as a reportable condition on an organization-wide basis. Nevertheless, it is our strong recommendation that RHD do everything in its power to close its accounting books in a timely manner and complete its financial statements so that the filing of the annual audited financial statements be completed prior to Louisiana's and all other funders' required due dates.

Payroll – Calculation of Hours Worked

At each unit, hourly workers record their start-time and end-time and record the total time worked each day. In our audit, we found numerous cases in which hours worked were incorrectly calculated. The incorrectly calculated time was then entered onto the units' summary time sheets that were then transmitted to the central office for payment. As a result, in those cases, hourly workers were not paid the proper amount. The errors go in both directions, sometimes more hours were paid than actually worked and at other times, fewer hours were paid than actually worked. The net dollar impact to RHD was not significant, but the number of instances in which errors occurred was significant. This problem has occurred repeatedly over the years.

We recommend that procedures continue to be improved or developed to prevent such errors. We suggest that either the payroll department or internal audit function increase its inspection of time sheets to identify errors. We are aware that management is reviewing software systems to gather data electronically at the source and then transmit it to the Corporate offices. We encourage such steps. However, until we can be satisfied that payroll accuracy has substantially improved, we recommend that RHD management continue to closely monitor the quality of the information presented to the payroll department.

Vacation and Sick Time for Central Office Employees

Time taken off from work by salaried employees in the central office is predominantly tracked by the employee. RHD uses the honor system for people to keep track of the vacation and sick time they take off from work.

At the end of every fiscal year, the accounting department makes an accrual for the unused vacation time each person has earned, but not yet used. If an individual leaves RHD with earned, but not used time, they get paid for it. For the financial statements, an estimate is made of the unused time. Due to the process in place, there are a number of exposures.

One risk is that an employee could potentially take off more time than they are entitled, without anyone being aware. Second is that the year-end accounting adjustment is an estimate, whose degree of estimation is not known with certainty. Third, an employee leaving RHD could claim a certain amount of unused time, which must be paid to the terminating employee. No one in RHD could confirm or deny such claims.

We understand that one of the key operating philosophies of RHD is to give management the room to operate without overburdening anyone with bureaucratic rules. However, we feel that the assets of RHD need to be protected. We recommend a simple weekly time reporting system that each salaried person in the Central Office use. Each person would submit a form that identifies each day of the week. The employee would have to identify only those days in which they took time off from work. The nature of the time off would be identified (e.g. vacation, illness, personal time, holiday). The form should be signed by the employee, reviewed and signed by their supervisor and then submitted to a central administrative person who would accumulate the data.

Inventory – Complete Accounting for all Costs

Inventory consists of housing in various stages of rehabilitation so that they can be sold under RHD's Affordable Housing programs. While auditing costs associated with construction during this fiscal year, we noted many instances in which transactions were recorded inconsistently. Certain costs, generally contractor's fees were not recorded in full. These fees should have been earned by RHD's Affordable Housing department per contracts with the funding agencies. In situations when it became evident that the selling price plus subsidy would be less than the total cost to complete a home, which would have resulted on a loss on sale of the property, RHD decided to reduce the contractor's fee to a point where the net cost would be equal to the entire selling price.

In other situations, revenues from sales were not fully recorded when a portion of the sales proceeds were used directly to reduce debt related to a property. In two instances, closing costs were not deducted from the selling price in determining the net gain or loss from a sale.

Failure to fully record transactions can result in improperly reflecting the full nature of every sales transaction. Without completely accounting for cost, or reductions in debt, management does not have all of the information necessary to make sound financial decisions.

We recommend that all costs related to developing real estate for resale be fully recorded. In the case of sales, where debt is paid off at the closing, we recommend that the settlement sheet or other closing document be reviewed by a knowledgeable accountant who can accurately record all facets of the transaction.

Murex Investments, Inc. (a for-profit subsidiary of RHD)

Murex Investments, Inc. is a for profit corporation owned primarily by RHD. Another investor owns a small percentage. The financial position of the corporation as well as its activities are consolidated with the financial statements of RHD.

Murex Investments invests capital and makes loans to businesses based on the decisions made by its investment board. All of the investment decisions made by the investment board, have a financial reporting impact to RHD, due to the requirement to consolidate operations. In many instances there have been agreements made with other investors or investees, which were not clearly defined.

Failure to clearly define what another investor receives in exchange for their investment can result in a misunderstanding in the future that could have significant legal ramifications as well as cost implications. Failure to define the nature of an investment in a company can result in similar difficulties. Different understandings can be more easily corrected, if resolved before they result in conflicts.

We suggest, that before completing an investment agreement or accepting additional capital from another investor, that a responsible member from RHD management be appointed to review the agreement in order to fully understand its financial reporting impact to RHD. In addition, that person should also review any risks that the agreement may directly or indirectly impose onto RHD, so that its impact could be reviewed and discussed before any commitments are made.

Summary

While correcting each of the foregoing points will not prevent or preclude errors or illegal acts from occurring, they will assist in improving record keeping, internal controls, and the financial stability of RHD. If you would like to discuss any of the matters in greater detail, please call us.

Very truly yours,

Shechtman, Marks, Devor & Etskovitz, P.C.
Shechtman, Marks, Devor & Etskovitz, P.C.

Resources for Human Development
June 30, 2001 Status of Management Letter Comments
June 30, 2002

Shechtman, Marks, Devor & Etskovitz, PC (SMDE) prepared a management letter for Resources for Human Development (RHD) for the year ended June 30, 2001. The following represents a summary of RHD's actions related to those comments for the year ending June 30, 2002:

1. Accounting for Activity on Small Accounts

RHD management put in place the following plan of action:

- the RHD staff will monitor the timeliness of the recording of transactions in the general ledger on a monthly basis.

During our audit fieldwork for the year ended June 30, 2002, SMDE found no exceptions to the client's assertion. This comment does not require repeating in the June 30, 2002 management letter.

2. Accounting for Restricted Contributions

RHD management put in place the following plan of action:

- All contributions received by the budget managers must be given to a RHD staff to be entered into a database.

During our audit fieldwork for the year ended June 30, 2002, SMDE found no exceptions to the client's assertion. This comment does not require repeating in the June 30, 2002 management letter.

3. Inventory Accounting

RHD management put in place the following plan of action:

- RHD changed the workpaper presentation for inventory to show all costs being capitalized and then a write down to fair market value.

During our audit fieldwork for the year ended June 30, 2002, SMDE found certain exceptions to the client's assertion. Accordingly, a similar comment has been repeated in the June 30, 2002 management letter.

Resources for Human Development

June 30, 2001 Status of Management Letter Comments

June 30, 2002

Page 2 of 3

4. Payroll – Calculation of Hours Worked

RHD management put in place the following plan of action:

- The internal auditor will review time sheets for each unit twice a year to determine where the weakness lies.
- The RHD payroll staff will provide training to the supervisory personnel.

During our audit fieldwork for the year ended June 30, 2002, SMDE found that although there were training and time sheet reviews, there were still numerous payroll calculation errors in the current audit year. This comment has been repeated in the June 30, 2002 management letter.

5. Retention of Payroll Records

RHD management put in place the following plan of action:

- Internal auditor will review retention policy at units
- When a unit closes, all records will be brought into the Central office.

During our audit fieldwork for the year ended June 30, 2002, SMDE found no exceptions to the client's assertion. This comment does not require repeating in the June 30, 2002 management letter.

6. Contract Control

RHD management put in place the following plan of action:

- Budget managers must read and understand all terms of the contracts
- CFO or Controller to meet with the budget managers
- Database of contracts to be compared to general ledger to determine missing contracts.

During our audit fieldwork for the year ended June 30, 2002, SMDE found no exceptions to the client's assertion. This comment does not require repeating in the June 30, 2002 management letter.

Resources for Human Development
June 30, 2001 Status of Management Letter Comments
June 30, 2002
Page 3 of 3

7. Contracts with new funders

RHD management put in place the following plan of action:

- RHD will attempt to attain a written letter of understanding prior to work at any unit without a contract

During our audit fieldwork for the year ended June 30, 2002, SMDE found no exceptions to the client's assertion. This comment does not require repeating in the June 30, 2002 management letter.



RESOURCES
FOR
HUMAN DEVELOPMENT, INC.

Resources for Human Development, Inc. (RHD) responses to the June 30, 2002 Memorandum of Advisory Comments

Accounting for the Disposal of Fixed Assets

RHD has consistently utilized the same accounting software for maintaining its fixed assets and computing the related annual depreciation expense. The depreciation method consistently selected within the software system has been the half year convention. During the audit for fiscal year ended June 30, 2002 it was discovered that the software defined half year convention method computes a half year depreciation amount in the year of acquisition but if the asset is not fully depreciated in the year of disposition there is no depreciation calculated for the year of disposition.

RHD will contact the software vendor to determine if we have the ability to obtain a half year of depreciation in the year of disposition for assets not fully depreciated. In reading the software manual the half year convention is defined as calculating a half year of depreciation in the year of acquisition but does not specify that a half year will be computed in the year of disposition. The resulting financial statement impact is that depreciation expense is understated and the related gain on disposal is understated or if there is a loss on disposal this would be overstated. So there is potentially an classification change on the Statement of unrestricted revenues, expenses and other changes in unrestricted net assets but no change in the end result.

Accounting for Fixed Assets Under Capital Leases

RHD has input all of the June 30, 2002 capital lease balances into the fixed asset software program. This will allow the depreciation for the fiscal year ending June 30, 2003 to be calculated by the software thereby eliminating any perceived potential for calculation errors.

Signatures Required for Large Expenditures

The RHD management agrees that the need for two signatures on checks over \$5,000 is an important control and will continue to monitor the full implementation of this control.

Payroll - Calculation of Hours Worked

RHD has increased the size of its internal audit department in order to allow for a higher concentration and completion of the time sheet audits on a timely basis. As indicated in the comment we are also working on the creation of an automated timesheet that would eliminate or greatly reduce the human error rate in the calculation of the total daily hours on the timesheets. We expect that this automated process will be completed within six months.

Vacation and Sick Time for Central Office Employees

RHD management does allow their exempt employees in the central office to maintain the tracking of their vacation and sick days. RHD uses this honor system as a reflection one of its principal values of creating an environment that includes a sense of honesty and trust.

The central office has approximately 170 employees of which approximately 100 are exempt and potentially tracking their own available vacation and sick time. Our vacation time is limited to two weeks carryover at June 30, so the accrual of one week seems reasonable from the perspective of what is available and based on a sample of information from the exempt employees. Unused sick time is not considered earned time and therefore employees who leave RHD are not entitled to payment of any unused sick time.

Inventory - Complete Accounting for all Costs

RHD's policy was to offset cost overruns in individual housing projects with the contractor's fees earned by RHD's Affordable Housing department. The impact of this policy was to net the losses of the Organization's individual Affordable Housing projects with the Organization's internal Affordable Housing Department's revenue. Based upon the recommendations of our external auditors we have changed our policy effective June 30, 2002, and are no longer netting these revenues and costs. This change will allow RHD to more accurately monitor the gains or losses of each individual housing project.

Management records a journal entry to internally track the sales of properties from our various housing projects. This journal entry does not have a financial statement impact but does assist management in monitoring the activities in the individual projects. We will ensure that these internal entries are recorded in the future so that we can accurately reflect the sale of properties to the individual project level.

Timely Filing of Louisiana Audit Report

RHD will increase its fiscal staff in an effort to ensure that our accounting records and financial statements are completed in a timely manner so that the filing of our annual audited financial statements can be completed prior to Louisiana's required due date.

Murex Investments, Inc. (a for-profit subsidiary of RHD)

The investment and capital agreements are currently being reviewed by the financial head of Murex Investments. RHD management also respects the abilities and procedures completed by the Murex Investments investment board. The RHD legal and financial management has been involved currently in a proposal submission by Murex Investments to the SBA to allow for the ability to clearly define and understand any legal and financial impact on either Murex Investments or RHD. The RHD management will continue to closely interact with the management of Murex Investments.